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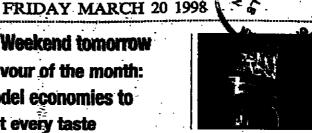


Mastering Global Business

Around the world in 10 weeks PART 8: the series continues TODAY in a separate tabloid section



FT Weekend tomorrow Havour of the month: model economies to suit every taste



Business in China Patience not so much a virtue as a necessity Page 18

Russian politics Young reformers take

on the new tycoons Page 2

WORLD NEWS

#### Chubais launches launches a fresh 'reform attack' but defends state role

A "spring reform attack" was announced yesterday by Anatoly Chubais, Russia's first deputy prime minister, who said the government needed to bolster its finances and strengthen the state if it wanted to escape the Asian economic turmoit. Page 22; Democracy at stake,

French port closed over protest Ferry passengers and hauliers face disruption when the French port of Calais is shut today by a protest over plans to end duty-free sales. Page 9

italian left pushes for funds A coalition of forces on the Italian left is pressing the government to provide fresh funds for the development of the southern economy after the country's expected entry into the European single currency. Page 3

Eta suspects arrested Spain's interior minister said a serious blow had been dealt to Eta, the Basque terrorist group, with the detention of 11 suspects. Page 2

Turkish police jailed A Turkish court jailed five policemen for their role in beating to death a journalist. Page 3

Mandela summoned to high court South African President Nelson Mandela appeared in the Pretoria high court to defend the executive's actions over rugby union. Page 6

Warning on Internet security Companies' growing use of the internet to transmit sensitive internal information poses new national security risks, John Hamre, US deputy defence secretary, warned. Page 4

Mexican budget creaks Mexico is facing a budget crunch as the fall in world oil prices threatens the revenues on which the state depends. Page 4

WHO speaks out on TB epidemic The World Heelth Organisation accused 16 countries of failing to take their tuberculosis epidemics

Die Grand

seriously. Page 6 Talks on FTAA make progress Trade ministers from 34 countries moved towards a consensus on how to build the Free Trade Area of the

Japan's trade surplus up 88% Japan's politically contentious trade surplus jumped 88 per cent last month, compared with February 1997, as imports collapsed. Page 22;

**lodia swears in new governmen** Yaswant Sinha was named as India's new finance minister as the BJP alliance took office. Atal Behari Vajpayee took the oath with 42 ministers from the BJP and its allied regional parties. L.K.Advani, BJP president, was named home minist while Remakrishna Heade, a southern ally of the BJP, was named New Dethi, Page 8

Habible 'committed to reform' B.J. Habible, Indonesia's new vice president, told Japanese officials his government was committed to economic reforms. Page 8

Pakistani concern over weap Pakistan responded robustly to the new Indian government's suggestion that New Delhi may introduce nuclear weapons. Page 8

17 killed in Afghan air crash An Afghan airliner crashed outside Kabul, the capital, killing all 17 people on board. The Boeing 727 was on a domestic flight between Kendahar and Kabul.

#### **BUSINESS NEWS**

#### **Alcatel shares** rise on plan to sell engineering activities to GEC

Alcatel Alsthom shares surged above FFr1,000 for the first time after the French telecoms and engineering group announced plans to sell most of its engineering and systems activities to GEC Aisthorn. Completion of the deal - involving businesses with annual sales of FFr25bn (\$4.1bn) - is expected before June. Page 23

Lvonnais when the European Commission condemned as "lilegal" the presentation of the French stateowned bank's 1997 accounts only minutes after they were published. Page 23

Studemann Schering, the pharmaceuticals group, became the latest German company to announce corporate governance changes aimed at bringing the country's business practices into line with international standards. Page 26

Skeda Auto, the Czech cermaker 70 per cent owned by Volkswagen, reported a sharp increase in net profits to Kc1.17bn (\$34.4m) after strong export growth based on heavy investment in new capacity and product lines. Page 28

package of privatisations including TAP-Air Portugal, the national airline, and global offerings of cement and power utilities worth about Es532bn (\$2.8bn). Page 26

first top Italian soccer club to be listed on the stock exchange. IMI, is acting as Lazio's sponsor and giobal coordinator. Page 28

Ericsson, the Swedish telecoms group, predicted that the world mobile phone market would grow faster than previously forecast, with the number of subscribers reaching 605m by 2002. Page 25

Siemens Mixderf Information Systems needs to expand its hasiseriousiv as a global player, says president and chief executive Gerhard Schulmeyer, Page 25

Asson, the Dutch-based insurer, last vear achieved its bicoest annual earnings increese as net profits umped 40.8 per cent to FI 2.21bn (\$1.1bn). Page 26

Axa. the French-based insurance

Page 26: Lex. Page 22 The Italian government unveited details of how it wants to proceed the state-owned industrial and defence conglomerate. Page 26

Renault VI. the truck and bus division of the French car group, set the stage for a recovery in profits by announcing that its order book had doubled in a year. Page 28

Guccl. hit by Asia's difficulties. announced a decline in net income to \$42.1m.in the fourth quarter of its last financial year, from \$52.5m in the preceding year. Page 28

BMW capped a bumper period for the German motor industry by

**World Equity Markets** 

The latest trends and data from more than 50 national markets at a glance

A dispute erupted over Crédit

Portugal approved a bumper

Lazio of Rome is set to become the the privatised Rome banking group,

giant which last year merged with rival UAP, is considering acquisitions in Japan and South Korea.

with the break-up of Finmeccanica.

announcing record 1997 profits and

Page 41

#### WORLD MARKETS

STOCK MARKET MIDICES  New York: Lunchtime  Dow Jones Ind Jar	(–12 <b>.7</b> 1)	GOLD New York: Comex (Mar)\$291.8	(291.0)
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# China to scrap housing subsidies

Incoming prime minister signals new phase of economic reforms

Zhu Rongji, China's new prime minister, yesterday made a bold pledge to turn his country into a nation of home-owners by abolishing state-subsidised housing.

In his first press conference since being elevated to premier this week, he signalled a new phase of activism in economic

His candid performance seemed likely to raise popular expectations of a new atmo-sphere of openness. He avoided platitudes and ideological dogma, and made several jokes.

The news conference in the Great Hall of the People was broadcast live on television to China's 1.2bn people. In contrast to the style of his predecessor, Li Peng, who would answer only a limited number of vetted questions at the annual event to mark the end of the National People's Congress. Mr Zhu reminded journalists that they could ask him "anything".

Some questions touched on subjects which remain taboo in China's media and official life, such as whether there should be a re-evaluation of the military crackdown on the 1989 political protests in Beijing. Officially, the protests are held to be "counterrevolutionary rebellion".

Mr Zhu answered that authorities had acted "resolutely" to

By James Kynge and James Harding restore stability and that the Communist party was united in its view of those events. its view of those events.

However, he used the relatively mild words "political distur-bance" to describe the protests. Later, he said he was in favour of democracy, but added that the concept meant different things in China and in the West

The premier, who had a new cabinet of technocrats approved on Wednesday, said a new policy on housing would be implemented in the second half of this

It could lead to a leap in home ownership among China's 340m urban residents, a significant number of whom still live in the compounds of state enterprises and organisations, analysts

Though there are no details yet, analysts said bank mortgage lending was likely to be increased to allow low-paid state employees to buy their homes. Bankers said mortgage lending, which is regarded as relatively safe, might also help improve the asset quality of China's banks, strengthening a technically insolvent state banking system.

A first step for this, however, is expected to be the "monetising" of properties. This is likely to involve the raising of rent to reflect market levels at the same time that salaries of state employees are increased. Such a strategy would help answer



Zhu Rongil, China's new prime minister, answers questions at a news briefing in Belling yesterday. Picture: Reuters

ing mortgages to poorly paid state workers, bankers said. Stock prices in Hong Kong rose on Mr Zhu's reform plans and on the news that he was expressing strong support for the territory's

exchange rate mechanism. The "red chip" index, which

shares of Hong Kong subsidiaries of mainland enterprises, rose by 5.9 per cent.

would spare no expense to maintain the prosperity and stability of Hong Kong and to maintain the link between the Hong Kong banks' reservations about grant- measures the performance of dollar and the US dollar," Mr Zhu

only in the case of a request from the territory, China would be "The central government willing to commit its US\$140bn reserves to defence of the Hong Kong currency.

China's Iron man, Page 8

## hase widens its search for merger partner

By Tracy Corrigan and William Lewis in New York

Chase Manhattan Bank investment banking business.

The Financial Times has learned that in recent months with Credit Suisse, the Swiss bank which owns CSFB, the investment bank, JP Morgan, and Goldman Sachs, two leading US investment banks. It has also approached Merrill Lynch - talks which have been widely one of the banks approached. removed in the market promptprice earlier this week. In an interview yesterday, investment banking product

sions say Chase appears to have abandoned its plans to boild an investment banking business Chase has held informal talks organically and is instead concentrating on buying. "They have realised that they won't be able to build an entire investment banking business

from the syndicated loans business," said a senior executive at Mr Labrecone said that Chase ing a surge in Merrill's share had already made "tremendous strides" in most of the main

Senior Wall Street investment banking executives say that Mer-

mally approached. "Walter Shipley [Chase chief

four potential merger partners in the bank had held merger talks. can build, what we can build and executive at one of the four

Mr Labrecque added that although the bank is looking at potential acquisitions "the market is at an all-time high. We want to do something that would be good for our shareholders."

rill Lynch has been approached at least twice by senior executives at Chase, the last time in January. No deal appears imminent with any of the banks infor-

Largest US commercial bank plans to acquire investment business Thomas Labrecque, Chase's pres- areas, with the exception of equi- executive officer] told us he is ident, said the bank is still conties. "We know we need [equities keen to do something before he America's largest commercial sidering "all the options" but research and underwriting!," he retires and that he is keener to bank, has approached at least declined to comment on whether said. "We are looking at how we buy than build," said another

> Mr Shipley is due to retire within three years and is thought to be using the issue of his succession as a carrot to lure ton executives at merger targets.

> Mr Labrecque said the bank had 2-3 years to establish a position in equities and is under no pressure to make an acquisition soon. "We are certainly in the mode of feeling we have time," he said.

Investors say that the mergers of Morgan Stanley with Dean Witter and Salomon Brothers

with Smith Barney have intensified the battle to join the handful of wholesale financial services businesses which can claim to span all the major markets and product areas.

wholesale financial services, said one analyst. This week Chase announced

"We are witnessing the end-

4,500 job losses. Some analysts said the move could be streamlining ahead of an acquisition. Chase could also buy a smaller business such as Donaldson, Luf-

kin & Jenrette, the US investment bank In morning trading yesterday Chase shares fell \$2½ to \$135½.

Lex. Page 22 Chase in fraitiess quest, Page 27

## Kosovo concessions may avert sanctions

Slobodan Milosevic, president of Yugoslavia, may have made enough concessions over the conflict in Serbia's Kosovo province to avert further sanctions by the west, the French and German foreign ministers indicated yester-

They said substantial progress had been made in discussions in Belgrade aimed at ending police attacks on ethnic Albanians in "The demands we made have

generally speaking, been met," Klaus Kinkel, the German foreign minister, said after talks with the federal Yugoslav president and with Milan Milutinovic, the Serbian president. Mr Kinkel and Hubert Vedrine,

the French foreign minister, said Mr Milutinovic had told them that most special police forces had been withdrawn to barracks. Mr Milutinovic also offered to hold unconditional talks with the Albanian leadership on self-rule for Kosovo. Asked if this was enough to lift the threat of sanctions, Mr Kinkel replied: "I don't want to be positive or negative. Things are not so easy for President Milosevic as everyone

Mr Kinkel and Mr Védrine had been making a last-ditch effort to grade without third-party mediapersuade Mr Milosevic to meet tion. Mr Kinkel said Mr Milosevic the demands of the six-nation was still rejecting outside inter-Contact Group - comprising the vention but would be willing to US, Russia, Britain, France, Germeet a special European Union many and Italy. The group had envoy.

believes."

threatened to freeze Yugoslav and Serbian government funds abroad if the Yugoslav president did not meet its demands by yes

terday. Fearing a wider regional conflict, the Contact Group demanded on March 9 that Bel grade withdraw its special police forces from Kosovo, open a mean ingful dialogue with the ethnic Albanian leadership and give full

access to aid organisations Statements by Italy and Russia yesterday suggested that they would oppose taking the hardest line against Belgrade.

Robert Gelbard, the senior US envoy to the Balkans, warned in Pristma yesterday that "serious and biting sanctions" were loom ing. Some diplomats remained sceptical about apparent conces sions made by Mr Milosevic and said they would keep a close watch on police movements in

At least 80 people have been killed during Serbia's police offensive against ethnic Albanian villages sheltering rebels of the separatist Kosovo Liberation Army. An estimated 20,000 Alba

nians have fied their homes. Ibrahim Rugova, the pro-independence leader of the main ethnic Albanian party in Kosovo, is refusing to hold talks with Bel-

#### CONTENTS

World News 2-8 UK News 9 Features 18 Comment & Analysis 20,21 Companies & Finance 23-29 World Stock Markets 36-42

Full contents and Lex: back page

# **MORSE** Thin Clients are on the increase.

## Are shorter business lunches to blame?

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# Swedes remain cautious over Emu

Göran Persson, Sweden's Social Democrat prime minister, said vesterday that a public perception that Eurotary union could lead to political unification was the main stumbling block to the country joining the single currency.

In an interview with the Financial Times, Mr Persson said it was "easy to see" the economic benefits of Emu membership. His govern- Mr Persson said. ment would do everything it could to ensure the introduction of the euro was a suc-

But Mr Persson, who faces a general election in September, suggested it would be difficult to win support for Emu in a referendum if most not stand in the way of com-

Swedes believed the single panies which wished to EU enlargement in the Balance this year. Now we can currency would involve a adopt the euro. shift in political power to Brussels.

Opinion polls suggest that hostility to participation by pean economic and mone. Sweden in monetary union. ent legislation allowing com- information technology, edu-

coins and bills, but about a their shares in euros.

Mr Persson, who has help new businesses adopted a wait-and-see atti- He predicted ti new type of co-operation inside the European Union." "A common monetary polapproach to the single cur- tion battleground. icy will stimulate a common economic policy and that rency in a six-point pro-

could have a large impact on the European Union." In spite of his cautious stance on Emu, he emphasised the government would

"We will try to give big priority. companies the best access possible to the new curthere is widespread public rency." he said, hinting that son said the budget would the government would pres-

Setting the scene for the election campaign, Mr Persinclude new proposals on "This is not only about panies to account and list cation, environment, immigration, and measures to Difficult to win support for Emu if Swedes believe single

currency involves shift in political power to Brussels He predicted that Swe-

tude to Emu, said the gov- den's extensive welfare sysernment would outline its tem would be the key elec-The minority SDP admingramme in the budget bill istration, he declared, had successfully refurbished the Describing the programme state finances, reducing the of 13.4 per cent. as the government's vision budget deficit from double for the future of Sweden figures when it took power

tic region was a top national afford a better public secthat any increased expenditure would not affect budget ceilings.

Although Mr Persson hinted he supported reducing taxes, particularly forsmall businesses, he said tax

cuts were not an immediate He said heavy investment in retraining schemes was helping efforts to reduce

The SDP is nevertheless vulnerable to attacks from the opposition over unemployment. Despite promises by Mr Persson to cut joblessness, the figure has declined by only 2.2 percentage points from its 1994 level

## **Arrests** a serious blow to Eta, says minister

By Tom Burns in Madrid

Spain's interior minister. Jaime Mayor Oreja, said yesterday that a serious blow had been dealt to Eta, with the detention of 11 suspects accused of running the terrorist organisation in Alava, one of the three Basque

province of Guipuzcoa, after a string of arrests last year that rounded up wanted separatists in the third province, Vizcaya.

The capture of the so-called Alava Commando has occurred at a psychologically important moment for the Madrid government. because talks broke down earlier this week over a peace plan drawn up by the non-extremist Basque Nationalist party, which controls the local regional gov-

Proposals by José Antonio Ardanza, the Basque president, for a dialogue with were rejected by the two main Spanish parties - the ruling Popular party and the

Both Madrid-based parties view a negotiated end to Eta violence in the present circumstances as a "political fiction" and are seeking increased security operations against the sepa-

They said any peace initiatives should take place after Basque regional elections. which are scheduled for October and in which they expect the Herri Batasuna vote to slump.

The suspects were arrested in a series of dawn raids by the Guardia Civil corps, which is under the direct control of the interior minis-

Weapons and explosives were captured in the Guardia Civil swoops, and officials said more arrests were expected. Over the past 30 years. Eta

has been responsible for causing more than \$00

The last successful police operation against the organi-sation in the province of Alava took place in

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O The Financial Times Limited 1998. Editor: Richard Lambert, do The Financial Times Limited, Number One Southwark Bridge, London SEI 9HL

#### Rock proves a hard place to work into the EU certain that application of been agreed. This in turn Yesterday, no agreement Many EU-wide initiatives the agreement would not affects virtually all other points in the UK for the joint cial co-operation. At a meeting in Brussels in justice and interior matwas reached on a straightfor-For over 200 years, Gibraltar, of EU justice and home ters involve the designation ward joint action setting up require direct dealings with

the British colony on the source of tension between

The Rock, home to 31,000 people, has become a consistent obstacle to efforts by the 15 European Union countries to forge common policies on issues such as asylum, crime, immigration and judi-

affairs ministers yesterday, Spanish coast, has been a Gibraltar could be identified as one, if not the only, obstathe two countries. Today, cle to an agreement for no the historic rivalry has an fewer than four important items on the agenda.

"Gibraltar is the unwel-

come guest at the party," said an EU diplomat. The Rock's disruptive influence relates mainly to

governments. Spain refuses to recognise

any local Gibraltar authori- crime. tles and insists on dealing directly with London. The British assure the Spanish that Gibraltar would never \*be allowed to nominate its own authority, but Spain

of central authorities in a European network of judimember-states to act as con-tact points for the other 14 would enable countries to co-ordinate procedures in the fight against serious

> A similar problem was among those dogging a con-vention designed to ensure that a driving disqualification enforced in one member-state can be enforced in another. Spain wanted to be

Gibraltar.

beyond 2000, Mr Persson said

next month.

many initiatives, particuand immigration, require a definition of the EU's external frontier. Spain considers Gibraltar outside the external border; the UK does not. A convention seeking to establish one external fron-

tier for the EU – on the table

proposed policies, even training programmes, referring to Another headache is that an external frontier. The Rock will remain a

larly those related to asylum British dependency at least for the foreseeable future and most decision-making in justice and home affairs will continue to require unanimous agreement. So other solutions have to be found. Yesterday, the British offered a written declaration since 1991 - has still not to the Spanish that they

would only nominate contact tion. But this was not enough. Spain wanted the

it down - not one mention of Gibraltar was made in an official briefing ahead of yes-Rock will for the time being continue to test the ingenu-

## Democracy at stake in battle has been reduced to a single active unit, operating in the of reformers and magnates

Russia's "bankers' war" threatens to discredit the reform movement, report Chrystia Freeland and John Thomhill Devolutions, the French garchs" is seeking to domi-political muscle to make

observed two centuries ago, have a habit of devouring their children. Over the past two weeks. Russia's most powerful poli-ticians and businessmen have striven mightily to live up to that tradition. Boris Nemtsov and Ana-

toly Chubais, the cabinet's top reformers, have declared war on Russia's financial magnates, accusing them of ordering contract killings in Herri Batasuna, Eta's politi- the past and of seeking to cal wing, after a ceasefire of dictate to the government struck back, belittling Mr Chubais as a hired hand and a "Bolshevik", and broadcasting lurid tales of Mr Nemtsov's supposed sexual adventures on the television channels they control.

Less than a year ago, the warring parties were on the same side. It was Mr Chubais's ambitious privatisation programme, including various sweetheart deals for Kremlin insiders, which created the tycoons. The bankers returned the favour in 1996, rescuing him from political Siberia and making him head of Boris Yeltsin's presidential campaign. Now, the architects of Russia's capitalist revolution and its biggest beneficiaries are locked in a conflict which

threatens to destabilise and discredit the reforms. At heart, the latest round in what Russians call the "bankers' war" is a battle over the character of postcommunist Russia. Mr Chu-bais and Mr Nemtsov contend that a small group of

tled Russia's Future: Oligar-

nate the government and their campaign more than a economy. In an article enti- rhetorical battle. Mr Chubais, more than chy or Democracy? pub- anyone, must bear the credit lished this week. Mr or blame for creating the Nemtsov wrote: "Everyone "oligarchs" he today seeks to understands that there can weaken. If the financiers are be no return to socialism. monsters, then Mr Chubais

reform-oriented policy

Chubais urges 'spring reform attack'

Anatoly Chubais, Russia's first more aggressive on the deputy prime minister. yesterday announced a spring reform attack, saying that the government needed to bolster its finances and strengthen the state if it wanted to escape the Asian Thornhill reports from Moscow. "The only way to protect Russia from the world financial turbulence is to be more strong, more tough,

conducted by the Russian government," he said. He said the government had a good chance of implementing a realistic budget this year, helping to eliminate the scourge of non-payments in the economy. it would also speed up privatisation and protect property rights for Russian

We are moving to the market But what sort? The US Sweden, Pakistan and Indonesia all have markets, but their social-economic structure is diverse. Which path will Russia take - democratic, people's capitalism or oligarchical capitalism?"

The young reformers' battle cry is hard to fault. Since the shares-for-loans privatisations in 1995-96, in which some of Russia's most prized companies were sold off at bargain-basement prices, the cosy links between the Kremlin and business have been one of the obstacles to the development of a vibrant, liberal capitalism. But it is less certain whether the two first deputy

is their Frankenstein, a history which makes him illsuited to tame them now. His adversaries have not been shy in pointing out this contradiction. As Boris Berezovsky, who has led the attack against the young reformers, recently put it: "You can't play by one set of rules today and then announce that as of 4am tomorrow you are introducing a different set."

More neutral observers to the government, You created us, you took money from us, and now you are saying that you have become new leaders and we are just a far greater weakness, one insects who must change our which makes it unlikely the powerful business "oli- prime ministers have the ways'," Grigory Yavlinsky,

leader of Yabloko, the liberal opposition party, said in a recent interview. "Russia needs fair rules, but Mr Chubais can't do this, he played by different rules for seven

Mr Nemtsov, who weighed in with particular gusto this week, calling for the creation of an anti-oligarch political movement, does not share this liability. Summoned to Moscow from his post as a provincial governor agree. "The problem is that just a year ago, he was not now they [the oligarchs] say one of the architects of the distorted capitalism he now

> But both Mr Chubais and Mr Nemtsov are plagued by a far greater weakness, one the oligarchs' sway in garchs but to neglect the which makes it unlikely the Moscow, and millions of development of a civil socionakers' war will come to a ordinary Russians whose ety able to restrain them.

seeks to reform.

swift or happy conclusion. Unless they violate their own outspoken pledge, and team up with one group of magnates against another, the two ministers are doomed to be preachers

without a congregation, politicians without a strong power base or constituency. "I have no clans, magnates or groups behind me. On what can I build support?" Mr Nemtsov asked this

Answering his own question, he argued that he would rely on "public support". Potentially, the public is indeed a valuable ally. Small businesses, which lack

pocket-books have been directly hit by insider deals, have a strong interest in creating a more liberal, democratic capitalism.

But while their grievances are real, they have little means of expressing them. Systematically destroyed by 70 years of communism, civil society has been neglected by seven years of democratic reforms. Trade unions are disorganised, political parties are weak, and the media are in the hands of the financial clans.

As the young reformers struggie on, they may find that their biggest mistake was not to create the oligarchs but to neglect the development of a civil soci-

## Ukraine currency concerns recede further

By Charles Clover in Klev

The threat of a Ukrainian currency crisis appeared to recede further yesterday as foreign investors returned to the Treasury bill market despite concern over the International Monetary Fund's suspension of a one-

year standby loan. Foreigners sold \$20m on the Ukrainian currency hryvnia-denominated T-bills. Some \$12m was supplied on Wednesday and \$1.5m on

Tuesday.

The inflow of dollars over the last three days is greater than the amount of dollars that have come into the T-bill market in January and February combined, according to Alexander Bazarov, head of Credit Suisse First Boston investment bank in

The hryvnia, which has depreciated by 6 per cent since the beginning of January, has strengthened slightly since the beginning of the week in response to the demand.

On Wednesday, meanwhile, the central bank lowered interest rates for the first time since raising them sharply in November to defend the hryvnia during the Asian crisis.

The Lombard rate fell from 48 per cent to 45 per cent, and the refinancing rate from 44 to 41 per cent. Bankers said that the return to T-bills had actually started one month ago, but

that the buying had taken place in the offshore second-ary market, where interest rates were around 55 per cent compared with 45-48 per cent in the primary mar-ket. As a result of the buying, though, the spread between the primary and secondary

market was narrowed to zero last week, prompting investors to come back to the primary market in Ukraine this Bankers are still unsure whether the return to the T-bill market is sustainable.

They say the decision of the IMF to suspend a 12-month \$585m standby loan to Ukraine is sure to affect confidence in the country. In January and February, because of the lack of inves-

tor interest in the T-bill market during the Asian crists, Ukraine's central bank bad to purchase over 800m hryvnia worth of T-bills which were being redeemed. As a result, it had to sell over \$450m in reserves to defend the hyvnia. It was partly as a result of

these reserve sales that it was unable to fulfil the IMP



Solidarity trade unionists from the Ursus factory burn EU flags in Warsaw yesterday during

demonstrations demanding government action to protect Jobs from foreign competition Picture AP

## Polish workers demand action to protect jobs

By Christopher Bobinski

Several thousand workers from Poland's ailing Ursus tractor factory yesterday demonstrated in Warsaw to demand the resignation of Leszek Balcerowicz, finance

The demonstrators, led by Zygmunt Wrzodak, the populist leader of the Solidarity union at Ursus, also want the Solidarity-led coalition government to release additional funds for farmers and raise tariffs on imported tractors to increase sales at the Ursus plant, which employs more than 12,000

The Ursus protesters have given the government - a coalition of the Solidarity-led Solidarity Electoral Action (AWS) rightwing alliance and Mr Balcerowicz's pro- cent of our agriculture". business Freedom Union Mr Wrzodak added: "Mr to non-Polish EU citizens.

(UW) - two weeks to react to their financial demands. Mr Wrzodak is threatening

to stage more demonstrareduction of the role of the UW in government. Yesterday the powerful Silesian branch of Solidarity, which is concerned at the

prospect of jobs cuts in the

loss-making coal industry,

backed the Ursus protest. Ursus has a history of militancy, starting in 1976 when the plant's workers protested against food price rises brought in by the communist government. Speaking outside the

noise of exploding firecrackers thrown by the demonstrators, Mr Wrzodak charged that the European Commission in Brussels wanted "to wipe out 90 per

Moscow [referring to the finance minister's former membership of the Commutions to campaign for a nist party] and now he serves Brussels." The demonstrators later

Balcerowicz, once served

marched to parliament, which was debating the issue of EU membership prior to talks between Poland and the Union which are due to begin on March 31. Ryszard Czarnecki, head of

the government's European Affairs committee, said that Poland would be demanding full access to the benefits of the EU's reformed farm supfinance ministry over the port policies once it joined the Union. Mr Czarnecki said Poland

would want "appropriately high" production quotas for farm products and would want to preserve after membership a ban on land sales

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# Prodi under new pressure to aid south

A broad coalition of forces on the Italian left is pressing the government to provide fresh funds for the development of the southern economy after the country enters the European single cur-

Romano Prodi, the prime minister, also faces calls to increase public spending to reduce unemployment in the

The pressure from the left comes after attacks on the government earlier this week over its plans to introduce a 35-hour working week. Confindustria, the employers federation, threatened to break long-standing accords on collective wage bargaining if the legislation went ahead.

Mr Prodi has had to press ahead with that legislation because of a commitment he made to the small group of Reconstructed Communists as part of a deal that kept him in power last autumn.

the south reflects a different set of political pressures. Trade unionists and politicians within the ruling coalition believe the tight fiscal control of recent years must

Union leaders have threatened a general strike and there have been street demsome 6,000 people demon-

**Ukrain** 

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lic works projects. A dozen people were injured in clashes at a similar rally in

Pressure has also come from Antonio Bassolino, the powerful mayor of Naples and a government supporter. He warned this week that Mr Prodi had not understood that "the jobs issue is the very essence of a centre-left coalition".

La Stampa newspaper reported that Massimo D'Ana, the leader of the Party of the Democratic Left (PDS), the main government party, was "disappointed" by Mr Prodi's policy on the south. He had privately warned that the government

was not "up to it" Mr Prodi and Mr D'Alema are due to hold a meeting in Rome today at which their differences over funding for the south are likely to be aired.

Mr Prodi is not bound by a specific commitment on the issue of funding for the south. Carlo Azeglio Ciampi, the treasury minister, is determined not to make spending commitments that would concern Italy's European Union partners ahead of its entry into the single European currency.

But Mr Ciampi still held a surprise meeting with trade union leaders on Wednesday onstrations. On Tuesday, at which he spelled out measures he is taking to develop strated in Palermo in favour the southern economy.

**NEWS DIGEST** 

**RUSSIAN SALARIES** 

### Yeltsin faces setback in campaign to pay arrears

February, suggesting that the Kremlin's high-profile battle last year against unpaid salaries had only a short-term impact. According to official statistics, wage arrears rose by 21 per cent last month, climbing to Rbs7.636bn (\$1.27bn) on March 1, from Rbs6.318bn at the beginning of February. The biggest wage

delays were faced by doctors and teachers. The figures are likely to disappoint President Boris Yeltsin, who made paying off overdue wages and pensions one of his political priorities last year. By dint of secretive, last-minute loans, the

government managed to fulfil that promise: The new wave of arrears suggests that systemic problems remain. In the aftermath of the Asian crisis, the government has faced higher borrowing costs and lower revenues. Rather than risk sacrificing hard-won financial stabilisation, it has responded

by slashing spending. Chrystia Freeland, Moscow

#### **GERMAN ECONOMY**

7

#### **Business expectations mixed**

Although German exports continue to grow strongly and inflationary pressures are unexpectedly muted, business expectations are mixed, according to a trio of economic indicators published yes-

The visible trade surplus for January increased to DM6.3bn (\$3.5bn) from DM4.5bn in the same month last year, the federal statistics office reported. That reflected 15.1 per cent year-onyear growth in exports to DM74bn, compared with a 13.2 per cent increase in imports to DM67.7bn.

The Bundesbank announced a slowdown in the growth of M3, its measure of broad money supply, to an annualised, seasonally adjusted rate of 2.8 per cent in February compared with its average in the fourth quarter of last year. The increase, which compared with a 3.1 per cent rise in January, was below both market forecasts and the central bank's target for M3 growth this year of between 3 and 6 per cent.

The Munich-based ifo economic research institute's western German business climate indicator fell against expectations for the second consecutive month, it declined from 99.3 in January to a seasonally adjusted 98.7 in February, the lowest level since

The index for eastern Germany rose sharply, however, from 104.4 in January to 106.2 last month, its highest level since January 1997. Peter Norman, Bonn

#### TURKISH HUMAN RIGHTS

### Police jailed over killing

A Turkish court yesterday jailed five policemen for manslaughter for their role in the beating to death of a journalist, in a high-profile trial seen as a test of Turkey's sincerity in improving its human rights record.

"It has been established that the defendants... committed this crime." the judge, Mustafa Birisik, told the court in the central town of Afyon. He jailed the policemen for 71/2 years each. Concern about Turkey's human rights record was among the

asons cited by the European Union last December for putting off Turkey's long-standing application to join it. Reuters, Ankara

#### ARMENIAN ELECTIONS

### OSCE warning on 'flaws'

The Armenian prime minister and the former Communist party leader qualified yesterday for the run-off stage of the presidential election after a first round of voting which international observers described as deeply flawed.

The observers warned that they would only give the elections a "clean bill of health" if the second round contest on March 30 between Robert Kocharyan, the prime minister, and Karen Demirchyan, the former communist leader, was run significantly better than the first round of voting on Monday.

The Organisation of Security and Co-operation in Europe said that its 200-strong team observed ballot box stuffing and intimi-

dation during the first round. However, the OSCE said, the margin between the top two candidates and the third was so large that the irregularities did not affect the ultimate result. Mr Kocharyan polled 39.14 per cent and Mr Demirchyan 31.16 per cent - about 20 percentage points more than the third-placed candidate. Selina Williams, Yerevan

## Former spy chief shapes up to take on four-corner fight for Germany's PDS

His policies could be those of his prospective opponents, in a campaign having less to do with issues than with questions of style, reports Frederick Stüdemann

lmar Schmähling is probably not the first western spy to visit the headquarters of the Party of Democratic Socialism in east

But the retired admiral and former head of West Germany's military intelligence service is certainly the first to receive an enthusiastic public welcome from the successor to East Germany's Communist party.

The reason is the PDS leadership's nomination of Mr Schmähling as the partv's candidate for the key Mitte-Prenzlauer Berg constituency in the general elec-The choice of a controver-

sial candidate – in addition to his western military background, Mr Schmähling is under investigation in connection with the failure of two companies he ran - is an established tactic for the

Since the collapse of communism, it has sought to remodel itself as a lively, hardleft party which uses humour and stunts to reach

in the east. High-profile candidates, especially those from the west who, like Mr Schmähling, may not even be members, are a way of getting more national cover-

Mitte-Prenzlauer Berg, in eastern Berlin, is probably in Germany. It encompas the future official face of the country's capital through its government buildings and as the Brandenburg Gate, as well as a slice of the city's laid-back Bohemian scene.

additional resonance as the one-time home to many civil rights activists who helped topple East Germany's communist regime. The choice of Mr Schmähling is more than symbolic.

Also, Prenzlauer Berg has

Mitte-Prenzlauer Berg could play a significant role in the eral election because of the finer points of German electoral law. These say a party must either secure 5 per cent of the vote or win three direct constituency

out beyond its regional base mandates, for it to have representation in parliament.

> With nearly all its support coming from eastern Germany, the PDS failed to win vote in the 1994 general election but reached the Bundestag because of its four direct mandates in east Berlin. including Mitte-Prenzlauer Berg itself. This enabled it to sidestep the 5 per cent hurdle, boosting its representation in parliament to 30.

Whether the PDS makes it into parliament this time could be a decisive factor in determining who wins the general election. If the party fails, its votes are lost and those of the other parties amplified when it comes to distribution of seats.

If the PDS squeezes in, it could deprive, say, the SPD and the Greens of enough seats for a coalition to unseat Chancellor Helmut Kohl. As such, Mitte-Prenzlauer Berg is a key battleground for the main parties which, as in the last election, are all running with

shot of how the political terrain in east Berlin has changed since unification.

If his nomination is confirmed, Mr Schmäbling will find himself standing against three of east Germany's best-known politicians: Wolfgang Thierse, a leading Social Democrat; Güter Nooke, a former civil rights activist who is now a member of Mr Kohl's Christian Democratic Union; and Marianne Birthler, another former dissident, of the

While his opponents have roots in the constituency, Mr Schmähling admits he has "a lot of catching up to do".

"I have to get to know the people," he says. He believes the constituency highlights the social tensions left by unification. "At one end, you see billions invested in business and government property. Elsewhere, the social fabric is stretched, due to spending cuts, and unem-

Former allies are now pitted

nificant feature of the constituency is the dramatic demographic change it has undergone in recent years. The lively bars and restaurants of Mitte and the leafy streets and squares of Prenzlauer Berg have attracted many newcomers, especially from the west.

In some parts of the two boroughs, over half the population has arrived only in

the past five years.

Mr Nooke believes these changes will mean increased votes for the CDU. "A lot of local people have built up new things in their lives, such as their own businesses, and they are typical CDU voters," he says.

But according to Rainer Oschmann, editor of Neues

Deutschland, a paper for merly owned by the Communist party and now close to the PDS, Mr Schmähling has certain advantages over his

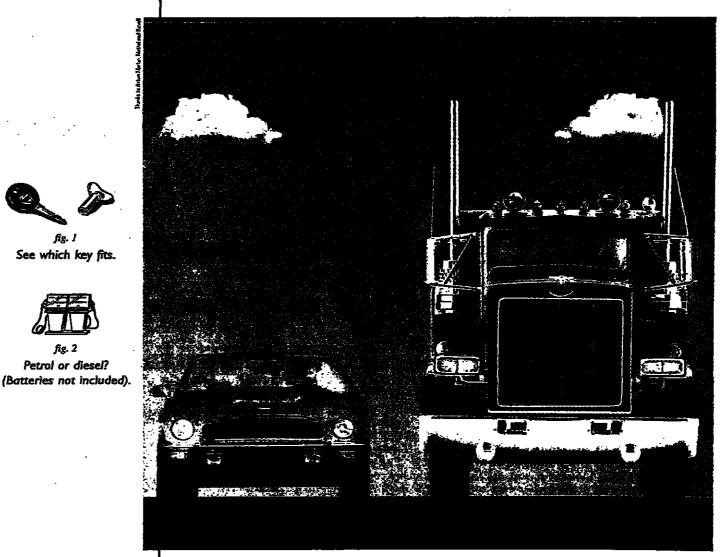
"A lot of people, especially older ones, are concerned about law and order; as a former military man, he can appeal to those who miss the security of the old days."

Perhaps in recognition of this, Mr Schmähling says that law and order, along with civil rights, more social justice and limiting German foreign policy ambitions will

figure high in his campaign. The fact these policies could just as easily be those of any of his opponents seems irrelevant in a campaign less about issues than

#### GET YOUR MIND WORKING WITH PARIBAS

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#### APPEARANCES CAN BE DECEPTIVE

In the hard and fast world of fixed income, perception and reality are often two different things. In these days of billion dollar mega deals, it's sometimes hard to keep a sense of proportion.

To put things in perspective, 1997 was the year that Paribas dominated the IFR and Euroweek awards and outperformed many of its competitors.

Paribas was awarded the Eurobond and the Financial Deal of the Year. It also won the Deal of the Year in a wide range of financial product categories and was voted the "European bulge bracket house to watch". Year after year, Paribas has been recognised for its culture of innovation, technical excellence and ground breaking research expertise.

And the undisputed leadership of Paribas in the booming new Euro market is a result of its vision and long term commitment to serving all its clients.

Judging power and performance is a function of where you want to go and how quickly you want to get there. If you look carefully at the photograph above, (pay attention to who's driving) you will see that it's the truck that, in reality, is a mere plaything; a child's toy. It's the little red sports car, all 300 horse power of it, that's the real thing. http://www.paribas.com

PARIBAS Thinking beyond banking

internet

By Alexander Nicoli in London

Companies' growing use of

the internet to transmit sen-

risks, John Hamre, US dep-

nology, which leads to its

dynamism, is what creates a

Mr Hamre is on a tour of

European governments to

discuss computer security

and possible counter-mea-

The dangers of outsiders gaining unauthorised access

to computer systems were

driven home to the Pentagon

last month when two teen-

age hackers in California

mounted a sophisticated

attack on its systems. They

were reported to have been

guided by an Israeli teen-

ager, who was arrested in

The risks of disruption to

civilian life were also high-

lighted this week when a

teenager in Massachusetts

was charged with a March

1997 hacking attack which

regional airport, although

said the boy "didn't have a

clue as to what he was

Mr Hamre said almost all

attempts to hack into the

Pentagon were by prank-

sters, in what he called a

culture of voyeurism and

modest vandalism rather

than a national security

problem". The Pentagon had

detected only one "primi-tive" attempt by a terrorist

organisation to access its

However, he said the need

for security was growing as

almost all businesses were

Annual results as of 31 December 1997

doing

network.

Israel on Wednesday.

sures to "cyber-attacks".

and Louise Kehoe

warned yesterday.

in San Francisco

# Asian crisis boosts US deficit

By Nancy Dunne in Washington

The fallout from the Asian crisis affected the US trade plus. picture during January, as imports flooded in and exports fell from the previous month's level, according to figures released by the Commerce Department yes-

The goods deficit rose by \$1.1bn to \$18.8bn, a record

The goods and services trade deficit climbed to \$12bn, \$1.1bn more than in December. Exports of goods and services fell by \$2.1bn to \$77.3bn while imports dropped by 0.9bn to \$89.3bn. the continued low level of present challenges."

By Gerard Baker in Washington

The bipartisan consensus

that has been the key to sev-

eral years of budget agree-

ments between President

Rill Clinton and the Republi-

can-controlled Congress

appears to be cracking, as

lawmakers begin detailed

consideration of the 1999 fis-

budget surplus in a genera-

tion is forcing the White

House and Congress further

apart this year as they pur-

sue different political objec-

"In the past, the pressure

has been on to get us into a

position where we can elimi-

nate deficits. Now we're

talking about how to deal

with the prospect of sur-

pluses," an official at the

House of Representatives

Last month, the president

presented budget proposals

that envisaged some sub-

stantial increases in spend-

ing on traditional Demo-

cratic social programmes,

which many Republicans

budget committee said.

The expectation of the first

cal plans

spot in the trade deficit was a \$6.9bn services trade sur-

January exports remained stable at \$31bn, unchanged from December while \$14.2bn. The surplus would but for lost tourist trade

Good economic news is the commerce secretary, to

US starts to crack

and spending plans.

agreement between Democrats and Republicans

Expectation of first surplus in a generation is helping to end cosy

divided over some of the tax

On Wednesday, the Senate

budget committee voted,

along party lines, for a bud-

get that rejected many of the

main elements of Mr Clin-

The decision drew an

immediate and unexpectedly

fierce rebuke from the presi-

dent that recalled the days

of more partisan disagree-

down a barn," he warned,

echoing the words of Sam

Rayburn, the venerable

Speaker of the House in the

1950s and 1960s. "but it takes

the Senate proposals offer

the prospect of growing fed-

eral surpluses over the next five years - cumulative

black ink of \$147bn from the

Senate, against \$100bn from

the White House - and both

would use the surplus to

shore up social security, the

The main point of conten-

tion is on spending – specifi-

state pension.

oppose. At the same time, cally, the proceeds that

Both the president's and

a carpenter to build one."

"Any old mule can kick

ments over budget plans.

ton's spending proposals.

Republicans themselves are could result from any agree-

Typically, the brightest inflation as reported in the consumer price index yester-

Although retail prices rose by only 0.1 per cent, the so-called "core rate" - which imports rose by \$100m to excludes the volatile food and energy sectors - rose by probably have been higher 0.3 per cent, the largest gain in 10 months.

"Our economy has not performed this well since before usually announced by the the first oil shock in 1973," White House. Yesterday it Mr Daley said. "And there is was left to William Daley, no sign of trouble....Our trade situation has improved put the best political spin on with most areas of the world, although the Asian He did so by emphasising currency crisis continues to

ment in the Congress on a

settlement that would pro-

duce \$65bn in extra federal

funds from a \$1.50-per-pack

increase in cigarette prices.

This money would be used

to pay for more spending on

education, child-care and

But in an unusual reversal

of roles. Senate Republicans

voted that any tobacco funds

should go directly to

increased spending on Medi-

care, the health insurance

called for \$30bn in tax cuts

in the form of more relief for

married couples, capital

gains tax reductions, and

it explicitly rejected Mr Clin-

ton's calls for extra spending

on schools and for a self-fin-

ancing expansion of Medi-

care to cover those in the

Next month, a new dimen-

sion to the dispute will be

added when the House starts

to consider the budget plan.

House Republicans seem to

55-65 age group.

some child care credits. But

The budget committee also

programme for the elderly.

anti-smoking initiatives.

tobacco settlement this year.

Mr Clinton is assuming a

with Japan fell from \$5.1bn nomics. day by the Labour Depart- to \$4.3bn during January. with China rose from \$3.9bn with South Korea rose sharply from \$341m to \$856m, contributing signifi- going up. cantly to an overall steep increase in the US deficit with all newly industrialised countries - Hong Kong. Korea, Singapore and

> \$841m to \$2.2bn. "The goods deficit would sharp decline in autos and a big drop in the price of oil," said Charles MacMillion of the world."

Taiwan - which rose from

Surprisingly, the deficit Washington-based MBG Eco-

"This suggests the mer-However, the monthly deficit chandise trade deficit this year seems sure to soar past to \$4.2bn. Also, the deficit \$250bn. This doesn't mean recession, though, as long as the crazy stock market keeps

Clyde Prestowitz of the Economic Strategy Institute said it could be a year before the full impact of the Asia crisis is felt, and employment falls, he said. "Everybody except for the

US and the UK is running an have been worse except for a export-led strategy." he said. "We're the only buyers...we're buying to save

# Mexican Warning on budget creaks

By Henry Tricks in Mexico City

Mexico is facing a budge crunch as the fall in world oil prices threatens the revenues on which the state devends.

The decline in global crude prices by more than a third over the past five months is not only affecting Pemex the country's oil monopoly, which this week celebrated its 60th anniversary, but will have an impact on the 40 per cent of federal tax revenues which Pemex provides.

'We will take a hard look at the [oil] market in the first few days of April. The end of the quarter is a natural moment," said José Angel Gurría, finance minis-"We will do what it takes" to keep the budget on track.

The government has an official 1998 budget deficit target of 1.25 per cent of gross domestic product.

The basket of Mexican oil prices has fallen below \$10 per barrel, compared with a targeted price this year of \$13.50, already revised down by \$2 in January.

Maya crude, ccounts for more than half the country's production, fell to lows of about \$7 a barrel earlier this week. In 1997 Maya crude's average export price was \$14.65 per barrel. "For every dollar that the [average] price per barrel goes down on a yearly basis, Pemex loses \$1.1bn in revenue. If prices continue falling and the government concludes \$13.50 is too optimistic, they'll cut the federal budget again and Pemex's budget as well," said Rafael Quijano, head of the Washington-based Latin America Petroleum Intellizence Services.

The oil company is now contemplating a further cut in projected revenues this

Commodities, Page 32

security risk switching to electronic transmission of data via the internet rather than private, proprietary networks. For example, electricity sub-stations were switched on and off remotely by electronic

sitive internal information command. has created national security "You have to make sure. that those [controls], if they uty defence secretary. are being done on the internet, can't be disrupted by "The internet was never someone from the outside designed with security in who could turn off the lights mind," Mr Hamre said in an in London," Mr Hamre said. interview in London with "It's important to make sure the Financial Times. "The that those control technolovery openness of this tech-

gies are protected." Commercial efforts to ensure, for example, the privacy of messages delivered via the internet have led to a growing demand for encryption technology. However, the US maintains strict export controls on such technology. It makes exceptions for systems incorporating "key recovery" methods. Mr Hamre is seeking the support of other countries for the US stance.

In key recovery systems "key" or password needed to decode an encrypted electronic message is lodged with a trusted third party. Law enforcement authorities could obtain the key, for example, if they suspected criminal activities.

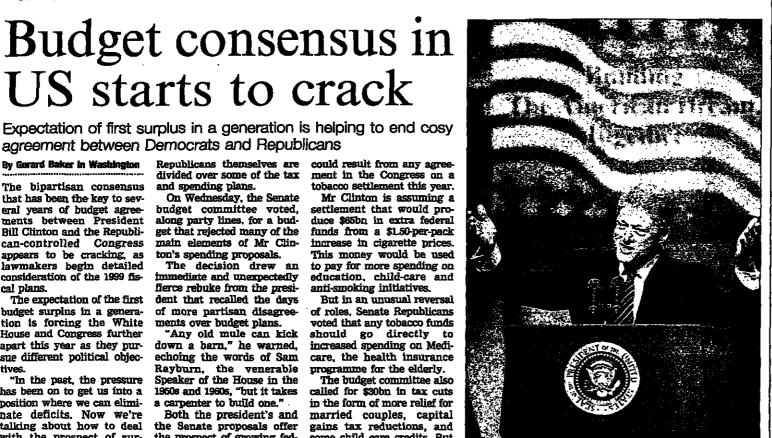
The technique raised fundamental issues about citishut down parts of a zens' right to privacy and prosecuting attorney the steps governments should take to protect their countries against illegal uses of cyber-technology, Mr Hamre said. This was controversial, he acknowledged, because "there are a lot of people who fear this means the government is going to be able to read all your mail. The question becomes Who holds the key?""

The US government was not seeking to hold all the keys, Mr Hamre said, but in France the government was planning to do so and in Britain there was likely to be a debate on the issue.

To our shareholders

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Clinton: seeking to boost spending Picture AP

have their own set of objections to the work of colleagues in the Senate. Many conservatives oppose the use of a tobacco tax rise for more spending, and want to see offsetting tax cuts.

The acrimony of the

debate recalled the fierce budget clash of 1995, when a zealous new Republican leadership in congress fought Mr Clinton in a long standoff resulting in several shutdowns of the federal government.



#### Dear shareholders

In fiscal 1997 the Vontobel Banking Group increased group net profit (excluding minority interests) by 76.4% to CHF 106.2 mn (previous year 60.2 mn). Assets under management in the Group as a whole grew 27.9% from CHF 35.7 bn at the end of 1996 to CHF 45.7 bn thanks to a gratifying inflow of new funds. The board of directors of Vontobel Holding AG will propose raising the dividend 60% to CHF 40.00 per bearer share and to CHF 8.00 per registered share.

All key consolidated Group figures are substantially higher in 1997 than in the previous year. Operating income rose 36% to CHF 411.5 mn (301.9 mn), while operating expense increased at a slower rate of 24% to CHF 193.6 mn (156.6 mn). Operating income is broadly based; all major income components - commission and fee income, trading income, net interest income - posted high rates of growth. So-called asset-valuerelated income accounted for 55% of overall Group income: 45%. stemmed from transaction-driven business. The substantially higher operating volume was managed without a notable surge in fixed costs. The cost ratio, the ratio of expense to income, improved to a level of 0.47. Operating profit climbed 50% to CHF 217.9 mn (145.3 mn). Provisions for general banking risks raise CHF 38.9 mn to CHF 119.8 mn. Cash flow totalled CHF 189.8 mn (plus 68%, previous year 113.0 mn). Equity (excluding minority interests) rose 22% CHF 635.6 mn (519.4 mn). Return on equity amounted to 19.7%. The number of employees in the Group as a whole was up 6% to 591.

The results for fiscal 1997 bear out our strategy of focusing on our core competence (portfolio management for private and institutional clients, mutual funds and regional investment banking). A comparison over the past five years underscores the ongoing improvement in our profitability levels. Since 1993, for instance, assets entrusted to our management have more than doubled. At Group level, equity has risen by two thirds. Net profit per share has more than doubled. Net profit per employee has climbed from CHF 89 400 to CHF 185 800. And return on equity has improved from 11.4% to 19.7%.

In the first two months of 1998 business performance has been very pleasing. At the end of February all key group figures were above budget as well as above the very good previous year figures.

Hans-Dieter Vontobel Chairman of the Board of Directors

Vontobel Holding A

Group profit

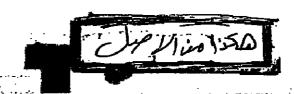
C. C. P. P. C			
31, 12, 96	60.2 mp CHF		
31. 12. 97	106.2 mn CHF		+76.4%
Cash flow			
31,12,96	1174 m CHF		
31.12.97		189.8 mn CHF	+ 68.0%
Assets under m	anagement		
31,12,96	35.7 bn CHF		
31, 12, 97		45.7 bn CHF	+27.9%
Market capitali	Zation (including unlisted registered shares)	-	- <u>-</u> -
31.12.96	87.4 ma C) ff		
31, 12, 97		1356.3 mn CHF	+ 59 0%

Operating income	31.12.97	31.12.96	+/-	+/-
Income from and expenses relating to ordinary banking activities	CHF mns	CHF mns	CHF mns	-,- - %
Net interest income	27.5	17.5	+ 10.0	+ 57.1
Net fee and commission income	T			
Credit-related fees and commissions	0.7	0.5	+ 0,2	+ 40.0
Fee and commission income from securities and investment business	288.1	207.3	+ 80.8	+ 39.0
Other fee and commission income	1.9	3.5	-1.6	- 45.7
Fee and commission expense	-30.0	- 15.6	- 14.4	+ 92.3
Subtotal net fee and commission Income	260.7	195,7	+ 65.0	
Net income from trading operations	110.7	83.3	+ 27.4	+ 33.2
Other income from ordinary activities			+ 27,4	+ 32.9
Net income from disposal of financial investments	6.5	2.7	+ 3,8	- 449 =
Total income from investments in associated companies	2.4	1.6	+ 0.8	+ 140.7
Net income from real estate holdings	0.3	0.3	T 0.8	+ 50.0
Sundry income from ordinary activities	3.7	0.8	+2,9	
Sundry expenses relating to ordinary activities	-0.3	0.0	-0.3	+ 362.5
Subtotal other income from ordinary activities	12.6	5.4		+ 100.0
Operating expense			+7.2	+ 133.3
Personnel expense	- 134.6	- 110.5	74.4	
General administrative expense	- 59.0	-46.1	-24,1	+ 21.8
Subtotal operating expense	- 193.6	- 156.6	- 12,9	+ 28.0
Operating profit	217.9	145.3	- 37.0 + 73.6	+ 23.6

Group profit	31.12.97	31.12.96	+/-	
	CHF mns	CHF mns	CHF mns	+/-
Operating profit	217.9	145.3	+72.6	%
Depreciation, write-offs on fixed assets	-9.2	- 14.5		+ 50.0
Value adjustments, provisions and losses	-36.1	- 15.4	+ 5,3	- 36,6
Profit before extraordinary items and taxes	172.6	115.4	- 20.7	+ 134.4
Extraordinary income	14.5		+ 57.2	+ 49.6
Extraordinary expenses	- 39.8	7.9	+ 6,6	- 83.5
Taxes 🖈	- 37.5	-25.0		+ 59.2
Group profit		- 34.9	2.6	+7.4
of which minority interests	109.8	63.4	+ 46.4	+ 73.2
Cours coeff	3.6	3.2	+ 0,4	+ 12.5
Group profit excluding minority interests	106.2	60.2	+ 46.0	+ 76.4,

Vontobel Holding AG, Tödistrasse 27, CH-8022 Zurlch, Tel. +41-1-283 59 00, Fax: +41-1-283 75 00 Vontobel Group companies: Bank J. Vontobel & Co AG, Zurich; Banque Tardy, de Watteville & Cie AG, Geneva; Bankhaus Berger & Comp. AG, Salzburg/Vienna; Vontobel Asset Management AG, Zurich; Vontobel Asset Management GmbH, Vienna; Vontobel Fonds Services AG, Zurich; Vontobel USA Inc., New York; Vontobel Securities AG, Zurich/New York; Vontobel Bank & Trust Company Ltd., George Town, Grand Cayman

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helps 20 million subscribers
of its telecommunications
customers deliver 70,000 voice
and data messages a minute\*.

# Oil company puts blame on Congress

By Robert Corzine in London

Total, the French oil company, says congressional opposition is the only obstacle to the Clinton administration in the US dropping its threat to impose unilateral sanctions against com-

Thierry Desmarest, Total's "Without pressure from Conwould have dropped the case against Total", which is other developing the South Pars states. gas field in the Gulf along with Petronas of Malaysia and Gazprom of Russia.

In an interview yesterday. he said pressure was building on Washington from US oil companies which were worried about the proliferation of unilateral US sanctions against a number of

Total has been one of the main beneficiaries of such policies, which have severely curtailed the ability of US oil companies - and their foreign counterparts with big politically controversial countries with promising, low-cost energy reserves. In addition to Iran, Total has operations in Burma and

It has also been negotiating a production-sharing contract with Irao to develop the Nahr Umar field when United Nations sanctions are lifted. That project is expec-

ted to cost about \$3.4bn. Mr Desmarest said no contract had yet been signed with Baghdad.

Nor had Total committed time items before sanctions tion which the Iraqi governpartners to agree to as a sign

He disagreed with some industry observers, who North Sea oil, Page 9

recent success to its willingess to deal with unpleasant

"In a few cases, political constraints limit the level of competition," he acknowledged. "But they only represent a small proportion of panies investing in Iran's oil Total's developments world-

He was confident Total chief executive officer, said: would continue to secure new deals even if the US gress the administration reversed its unilateral sanctions policy on Iran and other energy-rich "pariah"

"We are strong enough to compete in such conditions," he said. "One of our competitive advantages has been to develop innovative contracts with developing countries, which in some cases have posed difficulties."

He said Total managed its political risk carefully, to ensure that it was not overdependent on potentially unstable countries

The politically pragmatic approach of Total and other continental European oil companies to doing business with controversial governments has been highlighted in recent weeks by outspoken comments by businessmen such as Mr Desmarest and Franco Bernabé, the head of Eni, the partly-privatised Italian oil company. The latter has taken to speaking publicly for the first time on the need to scrap sanctions against Iran,

Total yesterday revealed new performance targets which suggest the present low prices will not deter the company from increasing its itself to buying long lead- output. Even if oil prices average just \$15 a barrel in coming years Total expects to achieve by 2002 a 14 per ment would like potential cent return on capital invested in oil and gas pro-



INTERNATIONAL

## Angry Mandela kicks rugby chief into touch

By Victor Mallet in Pretoria

bitterness in the Pretoria High Court yesterday over allegations of racism and corruption in South African rugby was a far cry from the mood on June 24 1995. It was then that President Nelson Mandela donned a Springbok shirt and cheered his country's almost all-white rugby team to a win over New Zealand in the

world cup final. The euphoria of that occa-sion - when Mr Mandela won the hearts of Afrikaner whites and the players earned the enthusiastic support of their black fellow-citi-- had evaporated long before Mr Mandela reluc-

tantly took the witness

stand yesterday. "After four years in gov-ernment I cannot say with any authority that nonracialism is applied in sport," he said. "There is genuine public concern with regard to what is happening in rugby today." Rugby administrators have been accused both of financial irregularities and of failing

to do enough to promote black players in the sport. Mr Mandela - the first South African president summoned to court to defend the actions of the executive - was giving evidence on a government decision to appoint a commis-

sion of inquiry into the South African Rugby Foot-ball Union. Sarfu, led by the formidable Louis Luyt. brought the court action in sideration an attempt to stop the inquiry, arguing that the government had no constitutional right to intervene in

Mr Mandela argued that Mr Luyt must have something to hide and that public suspicions needed to be cleared up. "If the commis-sion decides that there is no substance in the allegations I will be one of the happiest men in this country because that will free rugby from the sad and paralysing atmosphere into which it has been plunged today," he substantiated, they must pay

the affairs of a private

organisation.

that Mr Luyt had worked hard in the past to develop non-racial rugby, but said he was perceived as "a pitiless dictator", and "authoritarian, that every official fears

Yesterday's arguments turned on the question of whether Mr Mandela had sion to hold an inquiry, instead of giving it due con-

He made clear that he had an abiding interest in the future of rugby and said: "I never rubber-stamped any

Mr Mandela spoke to Mi Luyt at the lunch break, placing his arm on his shoulder, but not before he had vented his frustration in court at being forced to appear as a witness when he had other work to do and having his would be so insensitive, so disrespectful, so ungrateful as to say of the president of said. "If those allegations are this country that when I gave my affidavit. I was tell-ing lies."

# WHO says 16 nations failing to take world TB epidemic seriously Burma, Nigeria. Pakistan, TB from saliva samples on

Science Editor

World Organisation yesterday accused 16 countries of failing to take their tuberculosis epidemics seriously, even though TB is killing more people worldwide than any other infectious disease.

Their "lack of progress" meant the WHO would not come close to meeting TB control targets for the year 2000. An estimated 7m-8m people will become ill with TB this year and a record 3m

are expected to die.

Such criticism of specific governments' health policies is believed to be unprecedented for the WHO, a United Nations organisation that normally avoids public confrontation with member countries.

The 16 countries are the source of half the world's TB cases. The organisation named them at the end of a three-day meeting in London of its Committee on the Global TB Epidemic.

Half the trouble spots are middle-income countries: Brazil, Indonesia, Iran. Mexico, Philippines, Russia, South Africa and Thailand. They "have the financial means to tackle TB but have delayed too long" in taking

The other eight are low-income countries: Afghan-Ethiopia, India, Sudan and Uganda.

"In at least four of them, there has been a deterioration in their efforts to control TB, as shown by worsening treatment success rates," the WHO said.

"Most of these countries will need financial assistance to fully adopt and quickly expand their TB control efforts."

Arata Kochi, director of the WHO's Global Tuberculosis Programme, said: "Some governments did not

Poorly supervised

and incomplete treatment of TB is worse than no treatment at all'

take WHO's declaration of a global TB emergency in 1993 seriously. Countries that did, such as Bangladesh, Vietnam and Peru, are making excellent progress toward controlling TB."

Even a poor war-torn country such as Congo could achieve a good treatment and cure rate, given the political commitment, Dr Kochi said.

The WHO's recommended control strategy is called Dots (for Directly Observed Treatment, Short-course). It involves diagnosing active

microscope slides, then using professional or volunteer health workers to make sure patients take a combination of cheap antibiotics for six to eight months, until all the bacteria have been

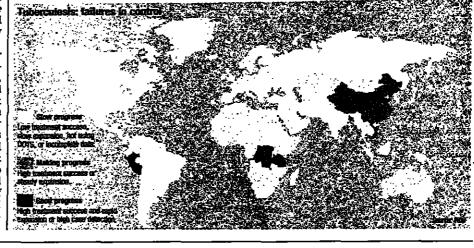
eradicated. Patients must complete the full course of drugs. Antibiotic-resistant TB mutations are likely to thrive if patients stop after a few weeks when they are feeling better but are not yet

cured. "From a public health per spective, poorly supervised and incomplete treatment of TB is worse than no treatment at all," said Dr Kochi. Drug-resistant TB is more difficult and expensive to treat, and more likely to be

• The UK government yesterday announced a £21m (\$85m) grant to India to introduce a WHO-approved TB control programme in the state of Andhra Pradesh.

India has 2m TB cases - 28 per cent of the global total but only 2 per cent of the population has access to

Rajiv Misra, India's representative on the WHO TB committee, said a "sense of complacency" had prevented stronger action, but a recently negotiated World Bank loan, together with aid from the UK, would improve



Malev 'deepens'

#### WORLD TRADE

## Opic to re-open programmes in Vietnam

Investment Corporation communist countries not omy," an Opic official said. (Opic) yesterday signed a permitting free emigration. bilateral agreement allowing after more than 20 years.

malisation of economic rela- from the Trade and Developtions between the two coun-ment Agency, and Most tries. Before going into Favoured Nation status. signed by the Vietnamese important time for the eco-

Trade ministers from 34

towards a consensus on how

Gathering in San José, the

on slow progress made ear-lier in the week. A prelimi-

ber of negotiating groups to

this. Brazilian industry rep-

resentatives made clear in

San José that they wanted

would be divided.

countries yesterday moved in Mexico.

make progress

to build the Free Trade Area from the Andean Commu-

of the Americas, paving the nity would follow Canada as

way for negotiations president, for similar 18

between the hemisphere's month periods. The US and

leaders at a summit next Brazil would co-chair the

Costa Rican capital, trade claimed an important vic-

officials appeared to have tory for the Mercosur trad-

hammered out a deal that ing bloc after the inclusion

would help create the free of a negotiating group deditrade zone by the target date cated to discussing agricul-

The negotiations yesterday Argentina, would begin

nary agreement indicated a advance different aspects of

be created, the location for package would be approved

the FTAA talks, and the way during the course of a full

the presidency of the talks ministerial meeting yester-

However, there are outstanding divisions on the concept of "early harvest" Bill Clinton's special adviser

agreements, covering indi- for Latin America, reiterated

vidual sectors such as infor- US hopes that the leaders'

mation technology. While US summit in Santiago next

negotiators are keen to make month, would follow a broad

appeared to have improved chairing the group.

compromise over the num- a final FTAA accord.

Clinton waived the Jackson-nesses have been at a disad-relations.

Opic assistance, Export-Im-

"This action comes at an nomic development of Viet-

presidency of Canada. After

three years they would move

Argentina and a country

Brazilian delegates

ture. A Mercosur partner,

Nine negotiating groups are set to be created to

There was hope that the

final stages of talks.

to Panama, before ending up

Vanik Amendment to the vantage, seeing competitors "The opening of Opic pro-

The waiver expands US- investments against war, the federal agency to reopen Vietnamese trade opportuni- nationalisation and other difficult chapter in our its programmes in Vietnam ties. It paves the way for political risks. More than 19 nations' history," Mr McCain companies are seeking Opic said. The signing marks nor- port Bank financing, aid support for projects in Vietnam. Opic estimates these with Mr McCain or the projects would generate \$900m-worth of investment. Senator John McCain, who

spent six years as a Vietnamese prisoner of war, has Last week, President Bill nam. Without Opic, US busi- pushed for greater economic need for marked improve- namese co-operation with a iffs from 40 to 4 per cent.

By Robert Anderson in Prague

A US developer is planning

to make the biggest green-

field investment in the

Czech Republic by building a

\$300m paper factory in cen-

Finance (WAMFCo) hopes to

raise \$200m from the US

Eximbank and is looking for

a Czech partner and a syndi-

cated loan to raise the remaining \$100m. Brown &

Root, the US construction

company, will manage the

construction of the factory

early next year and produc-

David McElfresh, manag-

ing director of the project,

tion should start in 2001.

World Alliance Merchant

tral Moravia

US interest in trade and Opic insures US foreign investment with Vietnam, going a long way to ending a

> Not all in the Senate agree administration. Senator Jesse Helms, chairman of the Senate foreign relations Opic official declared. committee, voiced his concern. "This ignores the dire

final crunch period of rais-

negotiating with a Norwe-

gian paper group to operate

The factory is expected to

plant will produce 150,000

wood-free paper for maga-

this kind of paper and the

company hopes to corner

first mainly to western

Republic now imports all

ing the finance."

Trade Act of 1974. This pro- reap the benefits of an grammes in Vietnam pro- the conclusion the adminis- year.

hibited normal trade with expanding Vietnamese econ- vides a critical indication of tration has abandoned the Mr Clinton lifted an eco-Vietnamese people once

Before re-opening its pro-Vietnam was taking steps to meet international workers' rights standards. "The statu- amounted to \$1hn. tory review is completed and it confirmed Vietnam is taking necessary steps," an

Last week's waiver was seen as a reward for Viet-

advanced development state. Mr McElfresh said plant by Matsushita of Japan We are now entering the WAMFCo chose the site for but First International Com-

WAMFCo is thought to be industrial park is just off the plant and Toray of Japan

Mohelnice, near Olomouc. small developer based in ises, it will be particularly

paper industry since the

ously looked at projects in

be by far the biggest green-

The WAMFCo plant would

its location between east and puter of Taiwan is opening a

west Europe. Mohelnice \$100m computer assembly

end of the main highway to has announced it will build a

Massachusetts, has been welcome because the coun

project so far has been a 1996, bringing total invest-

Prague, not far from the Pol- \$150m textile factory.

ment in democracy and human rights. I can't avoid gramme hearth hearth last lits talks with human rights. I can't avoid gramme begun early last

nomic embargo on Vietnam in 1994. Many companies, including Pepsi and Cocagrammes, Opic wanted proof Cola, have been operating in Vietnam since. In 1997, trade between the two countries

Renewed federally assisted programmes will encourage trade, but the US keeps high tariffs on many Vietnamese products. MFN status for Vietnam would cut these tar-

If the investment material

try has in recent years lagged behind its neighbours

in attracting foreign invest-

ment. After a strong start,

the country is now second

behind Hungary in foreign

direct investment after pri-

vatisation and industrial

transformation stalled. Last

year \$1.3bn was invested in

Maley's chief executive, San- port. dor Szathmary, said he did not rule out other possible partners, but indications Talks on FTAA | US group eyes Czech paper deal were that BA was well on the road to partnership with the Hungarian flag carrier. British Airways declined

BA has, however, been forging a series of partner-

By Kester Eddy in Budapest and Mike Skapinker in London

ships in Europe to take jing from September. advantage of the liberalisation of the European Union aviation market, which was completed last year. Mr Szathmary stressed the airline's priority was to find

the airline into the next century, with a financial investor only a secondary goal. BA already has a French subsidiary, Air Liberté, and Deutsche BA, its German operation.

It has announced a partmight take an equity stake, ownership.

**British Airways** It is also talking to Iberia of Spain about taking an equity

Malev Hungarian airlines stake. yesterday announced it Malev aims to become a would "deepen" negotiations regional hub airline centred with British Airways as a on the two new Budapest potential strategic partner. terminals at Ferihegy air-

Since 1990 it has completely renewed its former Soviet-built fleet with 12 Boeings and 5 Fokker 70s. It retains three Tupolev 154s

for charter flights only. In 1998 it will operate 7 per to comment on whether it cent more flights, increasing was in discussions with its passenger carrying capacity by 11 per cent on 1997. Malev will begin regular flights twice weekly to Bei-

However, there are indications that relations between Maley and LRI, the airport company which runs Ferihegy, are not all smooth. Maley is pulling out of runa strategic partner to take ning the duty free shops at Ferihegy after LRI raised fees for running the shops to what Malev says are excessive levels.

The Hungarian government has stipulated a 25 per cent stake of Maley must remain in state hands, and nership with Lot Polish Airat least 50 per cent must lines, in which it said it remain under Hungarian

#### Call to spread benefits of IT But this depended on put- surance on the security and By Frances Williams in Geneva

the factory, to be located in ish border. WAMFCo, a

create 200 jobs in an area of looking to invest in the tra-

high unemployment. The ditionally strong Czech

tonnes a year of coated early 1990s and had previ-

zines and leaflets. The Czech Plzen, western Bohemia, and

this market and export two field investment in the coun-

thirds of its production, at try. The largest completed

in Slovakia.

Governments need to ensure the benefits from the forthcoming explosion in electronic commerce are widely spread among developing as well as industrialised countries, Renato Ruggiero, director-general of the World Trade Organisation, said yes-

quick progress in such areas, agenda to cover "second gen-Speaking at the launch of a WTO secretariat study on Brazil and other Mercosur eration" reforms such as countries are opposed to strengthening of judicial electronic commerce\*. he systems and education. said the new information Charlene Barshefsky, the technologies had the poten-US trade representative, said tial to act as an "equaliser" as much time as possible to the US would continue to push for discussion of labour Under the plan evolved in and environment issues in San José, talks would begin the context of FTAA.

ting in place the necessary privacy of transactions. infrastructure and approprimerce for the citizens of developing countries,

organisation, favoured a minimal role for govern-The report argues that for electronic commerce to fulfil its potential, there has to be between rich and poor a framework of international nations by providing access rules, for example, to protect solutions or identify what

Estimates quoted in the

ate government policies, report suggest electronic including international commerce - defined as the co-operation to help provide production, advertising, sale "adequate and affordable and distribution of products access" to internet com- via telecoms networks could soar from virtually nothing to \$200bn \$300bn or Mr Ruggiero said the more to the turn of the cen-WTO, as a trade-liberalising tury.

The WTO report examines the main unresolved regulatory issues surrounding electronic commerce. But in deference to WTO

members' sensitivities, it does not plump for preferred to global markets at low intellectual property rights the WTO's role should be in and provide users with reas- formulating them.

Washington proposed in February that WTO members agree to continue the current practice of not imposing customs duties on in Washington electronic transactions products supplied in digitalised form over the internet. But the response was cautious even to this relatively straightforward proposal,

with many countries saying they wanted a deeper look at the implications of electronic commerce for WTO rules. Electronic Commerce and the Role of the WTO; available from WTO publications. 154 rue de Lausarme, CH-1211 Geneva, fax +41 22 739 5792,

aims to dispel many myths surrounding US foreign website http://www.wto.org. inputs used by US compa- tries".

## Praise for US global companies

US companies with global operations contribute to a higher US standard of living. concludes a report by the likely to win over free trade Emergency Committee for American Trade, a pro-trade nies with overseas organisation with members operations pay higher wages such as AlliedSignal, Boeing, than domestic companies. and Time Warner.

nies overseas come from US suppliers, and most foreignearned profits, over 70 per cent, are returned to the US,

the report says. But the argument most sceptics is that US compa-

The Emergency Commit-The report, "Global Invest- tee recommended maintements, American Returns". nance of US open trade and investment policies, elimination of foreign barriers, and trade and investment. Over focusing on the "unique 90 per cent of intermediary needs of US service indus-

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**PUBLIC NOTICES** 

The Electricity (Applications for Licences and Extensions of Licences) Regulations 1990 Regulations 3(2) and 7(2)

### FORM OF APPLICATION FOR A PRIVATE ELECTRICITY SUPPLY LICENCE OR EXTENSION

1. Full name of the applicant(s) Nuclear Electric Limited

Address of the applicant(s) or, in the case of a body corporate, the registered or principal office Nuclear Electric Limited Barnett Way

Barnwood Gloucester GL4 3RS

Where the applicant is a company, the full names of the current Directors and the company's registered

Executive Directors Non-Executive Directors Andrew Arthur Clements John Bullock Sir Charles Noel Davis Sir Robert Charles Finch Hill David Stuart Gilchrist George Edward Charles Jenkins Michael Brian John Low Peter Thomas Warry

Company Registered Number: 3076445

Where a holding of 20 per cent or more of the shares (see Note 1) of an applicant is held by a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit, the name(s) and address(es) of the holder(s) of such shares shall be provided. British Energy plc

10 Lochside Place Edinburgh EH129DF

Desired date which the licence is to take effect 1 May 1998.

A sufficient description adequately specifying (see Note 2) the nature of the premises intended to be supplied, separately identifying premises within the power bands specified in and to the extent provided by paragraph 7 below:

All premises in the authorised area of the following public electricity supply companies as open to competition following a Direction issued by the Director:

Eastern Group plc East Midlands Electricity plc London Electricity plc MANWEB plc Midlands Electricity plc Northern Electric plc NORWEB plc SEEBOARD plc South Wales Electricity plc South Western Electricity plc Southern Electric plc Yorkshire Electricity Group plc

(a) Subject to sub-paragraph (b) indicate the total number of premises intended to be supplied in each power bank as shown in the table below, together with the aggregate energy forecast to be supplied and the aggregate estimate demand (see Note 3) for each power band.

(b) If the date in paragraph 5 above is on or after Ist April 1994 then only Power Band A shall be completed and if the said date is on or after 1st April 1998 then this paragraph shall cease to have effect.

A description of the system of electric lines and electrical plant by means of which the applicant intends to supply electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owner by or otherwise in the possession or control of the applicant: Existing lines and plant belonging to the following:

Eastern Group plc East Midlands Electricity plc London Electricity plc MANWEB plc Midlands Electricity plc Northern Electric plc NORWEB plc SEEBOARD plc South Wales Electricity plc South Western Electricity plc

Southern Electric plc

Yorkshire Electricity Group plc

National Grid Company plc

A statement of the extent (if any) to which the applicant consider it necessary for powers under Schedule 3 (compulsory acquisition of land, etc.) and under Schedule 4 (other powers etc.) to the Act to be given through the licence for which he is applying All powers of acquisition of land etc. and all other powers available under Schedules 3 and 4 to the Act necessary to carry out activities under licence as a

supplier of electricity. 10. Details of any licences held, applied for or being applied for by the applicant in respect of the generation, transmission or supply of electricity. Generation Licence (Ref. L/OF/194?GEN);

Private Electricity Supply Licence for England & Wales (Ref: L/OF/196/2TS)\*: Private Electricity Supply Licence for Scotland (Ref:

L/OF/195/2TS)\*; Application for an Extension to Private Electricity Supply Licence for Scotland;

(\* only permits supply to premises above 100kW) Copies of maps relevant to this application have been lodged in accordance with Regulation 6 of the Electricity (Application for Licences and Extensions of Licences) Regulations 1990 at every Regional Office in England & Wales of the Office of Electricity Regulation. Copies are available for inspection by the

public between 10 am and 4 pm on any working day.

Mrs B J Sullivan Company Secretary Nuclear Electric Limited Barnett Way Barnwood Gloucester GL 3RS

## The Electricity (Applications for Licences and Extensions of Licences) Regulations 1990 Regulations 3(2) and 7(2)

#### FORM OF APPLICATION FOR A PRIVATE ELECTRICITY SUPPLY LICENCE OR EXTENSION

1. Full name of the applicant(s) Nuclear Electric Limited

GL4 3RS

EH12 9DF

Address of the applicant(s) or, in the case of a body corporate, the registered or principal office Nuclear Electric Limited Barnett Way Barnwood Gloucester

Where the applicant is a company, the full names of the current Directors and the company's registered

number Executive Directors Non-Executive Directors Andrew Arthur Clements John Bullock Sir Charles Noel Davis Sir Robert Charles Finch Hill David Stuart Gilchrist George Edward Charles Jenkins Michael Brian John Low Peter Thomas Warry

Where a holding of 20 per cent or more of the shares (see Note 1) of an applicant is held by a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit, the name(s) and address(es) of the holder(s) of such shares shall be provided. British Energy plc 10 Lochside Place Edinburgh

Company Registered Number: 3076445

Desired date which the licence is to take effect I May 1998.

A sufficient description adequately specifying (see Note 2) the nature of the premises intended to be supplied, separately identifying premises within the power bands specified in and to the extent provided by paragraph 7 below:

All premises in the authorised area of the following public electricity supply companies as open to competition following a Direction issued by the Director:

Scottish Hydro-Electric plc Scottish Power plc

(a) Subject to sub-paragraph (b) indicate the total number of premises intended to be supplied in each power bank as shown in the table below, together with the aggregate energy forecast to be supplied and the aggregate estimate demand (see Note 3) for each power band.

(b) If the date in paragraph 5 above is on or after 1st April 1994 then only Power Band A shall be completed and if the said date is on or after 1st April 1998 then this paragraph shall cease to have effect. Not applicable.

CH 1998 H 1376

8. A description of the system of electric lines and electrical plant by means of which the applicant intends to supply electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owned by or otherwise in the possession or control of the applicant.

Existing lines and plant belonging to the following: Scottish Hydro-Electric plc Scottish Power plc

A statement of the extent (if any) to which the applicant consider it necessary for powers under Schedule 3 (compulsory acquisition of land, etc.) and under Schedule 4 (other powers etc.) to the Act to be given through the licence for which he is applying All powers of acquisition of land etc. and all other powers available under Schedules 3 and 4 to the Act necessary to carry out activities under licence as a supplier of electricity.

10. Details of any licences held, applied for or being applied for by the applicant in respect of the generation, transmission or supply of electricity. Generation Licence (Ref: L/OF/194/GEN); Private Electricity Supply Licence for England &

Wales (Ref: L/OF/196/2TS)\*: Private Electricity Supply Licence for Scotland (Ref:

L/OF/195/2TS)\*; Application for an Extension to Private Electricity Supply England & Wales;

(\* only permits supply to premises above 100kW)

Copies of maps relevant to this application have been lodged in accordance with Regulation 6 of the Electricity (Application for Licences and Extensions of Licences) Regulations 1990 at every Regional Office in England & Wales of the Office of Electricity Regulation. Copies are available for inspection by the public between 10 am and 4 pm on any working day.

Mrs B J Sullivan Company Secretary **Nuclear Electric Limited** Barnett Way Barnwood Gloucester GL 3RS

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#### LEGAL NOTICES

CHANCERY DIVISION

(memporated with limited liability as a société anonyme à directoire et conseil de surveillance under French law, having the stains of a bank)

Share capital of FRF 3,170,549,600

Registered office: 5 avenue Kléber, 75116 Paris Company number 592 052 070 RCS Paris (the "Issuer")

Compagnie Bancaire

Notice of Meeting of the Holders of Yen 10.000.000.000

> 5.3 per cent. Bonds due 1999 (the "Bonds") ISIN Code GB 0042122217 on April 14, 1998

NOTICE IS HEREBY GIVEN that a Meeting of the bondholders of the above mentioned issue is convened by the Issuer at its registered office on April 14, 1998 at 10.00 a.m. (Paris Time) for the purpos of considering and, if thought fit, passing the resolution set out below, which will be proposed by the Issuer as an Extraordinary Resolution in accordance with the terms and conditions of the Bonds and the provisions of the Fiscal Agency Agreement.

Extraordinary Resolution

THAT, in accordance with the provisions of the terms and conditions of the Bonds, the merger of Compagnie Bancaire with Banque Paribas, a company incorporated with limited liability as a societé anonyme à directoire et conseil de surveillance under French law, having the status of a bank, be approved. The merger will be carried out as a "fusion-absorption" under French law. The merger will be carried out in order to incorporate the various activities of the Paribas Group into a single structure. The merger will take place in mid-May 1998 with retroactive effect to January 1, 1998. Once the merger has taken effect, Banque Paribas will change its name to Paribas.

Details of the background to and the reasons for the Extraordinary Resolution are contained in a document prepared by the Issuer (the "Explanatory Statement"). Copies of the Explanatory Statement are available for collection by Bondholders at the specified offices of the Fiscal Agent and the Paying Agents and at the registered office of the Issuer, set out herein. Copies of the Fiscal Agency Agreement agents and at the registered office of the Issuer, set out herein. Copies in the Fiscal Agent and the Paying Agents and at the registered office of the Issuer, set out herein.

Voting and Quorum

1. A holder of one or more Bonds of the above mentioned issue wishing to attend and vote at the Meeting may deposit his Bonds with the Fiscal Agent or with a Paying Agent at its specified offices set out below or such Bonds may be held, to the satisfaction of the Fiscal Agent or such Paying Agent. set out below or such boths may be read, to the satisfaction of the riscal agent or such raying Agent, to its order by Cedel Bank, société anonyme or Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System, for the purpose of obtaining a voting certificate, appointing proxies or giving voting instructions in respect of the Meeting until 48 hours before the time fixed for the Meeting but not thereafter.

Voting certificates issued and voting instructions given and the appointment of proxies made pursuant thereto for the Meeting will be valid for any adjournment thereof unless, in the case of voting certificates, they are surrendered before the time for which the Meeting or any adjournment thereof is convened, or, in the case of voting instructions, the receipt issued by the Fiscal Agent or the Paying Agent in respect of each deposited Bond is surrendered to it not less than 72 hours before the time for which the Meeting or any adjournment thereof is convened and notice is given by the Fiscal Agent or such Paying Agent to the Issuer of such surrender.

The quorum required at the Meeting is two or more persons present in person holding Bonds or voting certificates or being proxies and holding or representing in the aggregate a clear majority in principal amount of the Bonds for the time being outstanding.

4. On a show of hands, every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll, every person who is so present shall have one vote in respect of each Bond so produced or represented by the voting certificate so produced or in respect of

5. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast thereon. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether or not present at the Meeting and upon all holders of coupons appertaining to the Bonds.

Compagnie Bancaire.

Fiscal Agent and Principal Paying Agent Banque Paribas Luxembourg, SA 10a Boulevard Royal L-2093 Luxembourg

Banque Paribas Belgique SA 162 Boulevard Emile Jacquain B-1210 Bruxelles

Swiss Bank Corporation Paradeplatz 6 CH-8010 Zurich

IN THE HIGH COURT OF JUSTICE OF ENGLAND AND WALES

In the Matter of

BISHOPSCOURT (BB&Co) LIMITED (formerly Baring Brothers & Co., Limited)

and in the Matter of

**BISHOPSCOURT (BS) LIMITED** 

(formerly Baring Securities Limited)

and in the Matter of the Trusts of an Agreement dated 8th March 1995 NOTICE IS HEREBY GIVEN, pursuant to the directions of Sir Richard Scott VC dated Notice is reached to the content of the internation of the above-named companies. It is received the companies of a trust fund (hereinafter called the "Trustees" and the "Trust Fund" respectively) established by ING Groep NV (formedy Internationale Nederlanden Groep NV, hereinafter called "ING") for the payment of certain creditors of the above-named companies.

in liquidation (hereinafter called the "Companies") under an agreement dated 8th March 1995 (the "Agreement") whereby the former assets and undertaking of the Companies were acquired by companies under the control of ING. THAT any person who is a creditor of, or otherwise has a claim against, either of the Companies and may assert a right to payment from the Trust Fund whether as a beneficiary or otherwise, is required on or before 20th May 1998 to send to the Trustees at Ernst & Young (reference Miss M. E. Mills) at Becker House, 1 Lambeth Palace Road, London SE1 7EU England his name and address and a written statement of the nature and amount of that claim, and to do so regardless of any previous notification that may have been given in respect of that claim and, if so requested, to provide such

further details or produce such documentary or other evidence of that claim as may appear to the Trustees to be necessary. THAT the Trustees have applied to Sir Richard Scott VC for leave to repay the remaining balance of the Trust Fund to ING without recourse by way of tracing, indemnity or in any other way

AND THAT if you fail to notify the Trustees of a claim as required by this notice no provision may be made for the payment of that claim.

Dated this 20th day of March 1998

Signed: M. E. Mills

For Nigel James Hamilton, Margaret Elizabeth Mills and Alan Robert Bloom, the Trustees of the Trust Fund, of Becket House, 1 Lambeth Palace Road, London SE1 7EU.

No. 00414 of 1998 IN THE HIGH COURT OF JUSTICE IN THE MATTER OF ARCADIAN INTERNATIONAL PLC

- 20d -IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that a Pennon was presented to Her Majesty's High Court of Justice, Chancery Division on 9th March 1998 for the sanction of a Schette of Arrangement and the confirmation of the roduction of state capital of the shove assent Campany.

AND NOTICE is further given that the said Petition is directed to be heard before the Judge of the Companies Court at the Royal Courts of Justice, Stread, Landon WCDA 2LL on Monday the 30th day of March 1998. the state any or passes room.

Any Creditor or Sharcholder of the said Company desaring to appose the making of an Order for the confirmation of the said reduction of share capital should appear at the time of the hearing in person or by Counsel for the persons.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the Regulated Charge for the same. Dezed the 20th day of March 1998 CLIFFORD CHANCE 300 Aldersgate Street London BC | A 4/1

Ref: KO Solicitors to the Company

The Insolvency Act 1986 High Court No 5101 of 1997 DISPLAT LL HOLDINGS MC

In accontance with Bule 4,106 of the Institutory Sales 1987. I, Dougha MacDouald of The MacDouald Pannerdin, Martin House, 25-30 Did Chech Sanet, Crietas, London 9475 SRY give mace that I was apposed Liquidator of the above on 5th March 1998. Dated 12th March 1998. DOUGLAS MacDONALD, Liquidator

**BUSINESSES FOR SALE** 



#### **Shoe Machinery** Business

The Joint Administrative Receivers offer for sale the business and assets of a company engaged in the manufacture and distribution of shoe machinery and associated products.

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For further information please urgently contact the Joint Administrative Receivers, Allan Graham, KPMG, 1 Waterloo Way, Leicester LE1 6LP. Tel: 0116 256 6000, Fax: 0116 256 6033.

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**CONTRACTS & TENDERS** 

ACCORDING TO THE LAW OF PROCUREMENT OF GOODS ETC. (Narodne novine br. 142/97). Port of Vukovar. Obala bb. 32000 Vukovar, Croatia,

is announcing:

International tender for the Purchase of a Mobile Harbour Crane. Lifting Capacity 40 tonne at 25 meters.

BASIC TECHNICAL SPECIFICATION

1. Port of Installation - Vukovar, Croatia

2. Technical Construction

a) Portal Jib level lifting crane, to be placed on existing crane track of 10,5 meter span. Electrically driven, or

b) Diesel Electric mobile harbour crane, placed on a manipulative prepared surface.

3. Lifting Capacity

Container Operation 40 tonnes at 25 meters Grabbing Operation 15 tonnes at 32 meters Hook Operation 40 tonnes at 25 meters

4. Bulk of Delivery

Complete Crane including -

Grabb, Hook, Crane Container Spreader 20' and 40'. plus Technical Documentation. Terms and conditions for tender can be obtained by

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00385 32 51420

Criteria for Acceptance:

1. Price

2. Delivery Deadline 3. Up to date, reliable Technical Specification

Running Cost of Crane usage.

Closing date for tenders - 30 days from date of publication of advertisement. In order to tender, bidders are required to advance a deposit of £20,000.

LEGAL NOTICES

20th March, 1998

Notice to all holders of the NatWest Securities Corporation Guarantee

REVOCATION OF GUARANTEE

As announced on 2nd December, 1997, National Westminster Bank Plc (NWB Plc) intends to withdraw from its Equities business.

The closure of the Equities business means that NWB Plc will withdraw the guarantee dated 24th April, 1997 given in respect of business transacted by NatWest Securities Corporation, NWB Plc hereby gives notice of termination of the Guarantee in accordance with Clause 9. Accordingly any trades transacted with Nat West Securities Corporation after 1st March, 1998 will not be secured by the guarantee.

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# China's iron man blazes a new trail

By James Kynge and James Harding in Belfing

Zhu Rongji, China's no-nonsense and often but I will blaze my trail and unsmiling new premier, is said by his compatriots to have an "iron face". Yesterday he proved he also has a

dour and passion. "I feel I shoulder an arduous task," he said. "I am most afraid new leadership appear to go that I will let the Chinese beyond mere style. Mr Zhu's central bureaucracy would

people down. However, no matter what lies ahead, a minefield or an abyss. I have no hesitations or misgivings, devote myself entirely to my people and my country till the last day of my life."

In China, where so much is read into so little, the Sitting before 500 journal screening of a live broadcast ists in the Great Hall of the on such a wide range of People, whose vast halls issues is likely to encourage most commonly echo with the feeling that China is lifeless platitudes. Mr Zhu entering a new phase of displayed an unusual can- transparency and public debate.

But the differences in the

New regime in New Delhi set

new cabinet, appointed on Wednesday, is composed of added. technocrats chosen for an ability to solve problems and push through a rapid programme of reforms

try sector, which comprises some 370,000 enterprises. would not be delayed by pressures on China's economy from Asia's financial crisis and would mostly be achieved within three years. The technically insolvent banking system would also be reformed. Also, the number of civil servants in the

be halved this year, Mr Zhu

Mr Zhu said spending on infrastructure, especially on roads and railways, would be increased this year to ensure Mr Zhu stressed reform of that economic growth did the debt-ridden state indus- not drop below the official target of 8 per cent. He added inflation would be kept below 3 per cent and reiterated that China would not devalue its currency, the yuan, despite pressures from the Asian financial crisis.

Housing reform will also boost an economy which has begun to tire under the weight of a chronic oversupply of goods. Tax collection,

meanwhile, would be strengthened and a reformed medical insurance system

introduced, Mr Zhu said. "Housing development will be the new growth point for China's economy." said Mr Zhu.

On other matters. Mr Zhu stressed China remained committed to realising the reform of state-owned enterprises within three years.

In contrast to the stiff atmosphere of previous years, vice-premiers sitting next to Mr Zhu at the news conference appeared relaxed. sometimes smiling or laughing. There was also

with journalists. Mr Zhu said he dishked the labels attached to him by the western media "Whether you call me 'Gorbachev' [after the former Soviet leader] or 'economic tsar'. I don't like it." he said.

Quizzed on democracy in China by a correspondent from Time magazine, Mr Zhu punctured the tension with a joke. He said he wanted to thank Time for recently publishing a cover picture which made him look "handsome" when, in fact. "I am not at all

# India: tots to do

Economists are urging decisive action from the new finance minster, Yaswant Sinha, writes Mark Nicholson

to tackle becalmed economy

India's new finance minisfind a full in-tray when he arrives in his North Block office today. There has now been a 41/2-month policy hiatus since the fall of the last

Meanwhile, the economy has continued a becalmed drift. And the books will not look good.

Growth for the fiscal year ending this month looks disappointingly set to tip 5 per cent, after three years of GDP growth around 7 per cent. Industrial output continues to limp, averaging 4.9 per cent for the year, against 8 per cent a year ago. Export growth is similarly dismal, at a rate of 2.37 per cent in dollar terms this year, while imports have risen a little over 6 per cent - lower than expected and hurting customs receipts, which will contribute to a missed fiscal deficit target. The goal of 4.5 slipping into a worsening per cent of GDP set by P. Chidambaram, former and sharpen pressure on the finance minister, may be rupee - a state of affairs exceeded by at least a per-

which by virtue of India's reforms. Mr Sinha was vails of more easterly cur- as 1991," said Mr Chelliah.

ter Yaswant Sipha will the dollar, but holds there largely thanks to a drastic two-point rise in interest rates imposed by the outgoing UF before the elections when the rupee breached 40 to the dollar.

The rate rise, though partially trimmed this week, has in turn pushed lending rates to around 18 per cent, further depressing already

All of which, economists say, will require decisive action from the new minister. "We're not in a crisis, nothing is beyond control." said Raja Chelliah, chairman of the National Institute of Public Finance and Policy, in effect the finance ministry's think tank.

But action has to be taken quickly to avert a crisis. We can't drift like this." The danger is that contin-

ued drift could find India balance of payments position akin to that of 1991, when outright crisis forced India The rupee, meanwhile, into launching its economic finance minister at the time. "The situation is not as grim

rencies, hovers at Rs39.50 to "but we can easily slip towards that kind of situation unless some action is

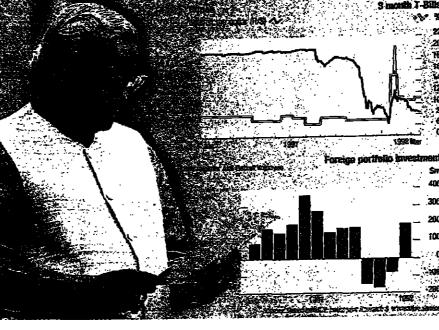
Though the BJP and allies have insisted the revival of the economy will top their agenda, both their manifesto and the "national agenda" agreed with their dozen allies contains little specific policy.

Moreover, various members of the BJP have voiced varying and often contradictory statements over recent weeks. There is also some concern among economists and others that the BJP lacks both experience and expertise in economic management

"Their biggest mistake is speaking in so many different voices," Mr Chidambaram said last week. On the rupee, for example,

some alliance members recently suggested it should be made, somebow, to appre-One senior BJP member.

named yesterday to the cabinet, suggested it should be pegged at 17 to the dollar. Such statements prompted outgoing UF ministers last week to urge BJP leaders to discourage such statements, lest it affect the rupee.



The Finance Ministry is India's creaking infrastrucunderstood to believe that ture and the poor quality India's real effective and range of Indian export exchange rate (its level goods. adjusted for inflation relative to trade partners) is around Rs42 to the dollar, suggesting the Reserve Bank of India should continue the managed depreciation which

has eased the rupee's dollar

rate by around 10 per cent

since summer. Continued depreciation is among the few handy tools performance, whose sluggishness is otherwise attributed to deeper-rooted struc-

Meanwhile, financing the external deficit will depend on continued inflows, including foreign direct and portfolio investment And, while BJP leaders

their swadeshi, or "self-reliance", tone, there remains in the party suspicion of portfolio investment - deemed available to shore up export undesireable "hot money" by some BJP leaders - along with a so far unclarified desire to "discourage" for- and this government's tural problems, including eign direct investment in majority is razor thin.

"non-priority" areas. That apart, the new minister's next task is to prepare the next budget, which the election has already delayed by a month.

The new parliament will next week pass a "vote on account" to tide over government finances for the next three months. A budget is expected by late May or

Turning the broad policy of the "national agenda" into fine policy print may prove as difficult for the BJP alliance as it did for the UF -

# Bumps jar Hong Kong's progress

By John Ridding in Hong Kong

Hong Kong's return to China has been much smoother than many expected, on the political front at least. But a series of bumps has disrupted post-colonial politics over the past few weeks in sensitive areas ranging from the freedom of speech to the rule of law. They highlight the risks of the transition and are likely to provide a focus for controversy ahead of legislative elections in May, already a source of criticism for pro-democracy

The latest row has been triggered by a Justice Department decision not to prosecute Sally Aw, a publishing tycoon, despite an inquiry by the territory's anti-corruption watchdog which linked her to a fraud

case at her company.

The Independent Commission Against Corruption (ICAC) alleged that Ms Aw, a member of a Chinese political advisory committee, had conspired with three others to defraud advertisers in the group's Hong Kong Standard Newspaper division. The three have been charged. Ms Aw has not.

Coming hard on the heels of a decision by the Justice Department not to prosecute Kinhua, the official news agency and one of China's most important institutions in the territory, the case of Ms Aw has raised concerns about the rule of law in postcolonial Hong Kong. Xinhua failed to respond within the legal deadline to a demand from Emily Lau, a former legislator and leader of the Frontier party, for access to any personal files held on

an atmosphere already affected by criticism of Radio Television Hong Kong (RTHK) by a Hong Kong adviser to China. Xu Simin, a long-standing member of the Chinese People's Political Consultative Conference (CPPCC), condemned the broadcaster as "a remnant of British rule", accusing it of criticising the post-colonial administration under the pretext of editorial indepen-

dence and raising fears of censorship. Many had warned Beijing would seek to interfere in Hong Kong after the handover. But so far at least, the problems seem closer to party, and a staunch critic of Beijing, says there is no evidiscussing the internal affairs of Hong Kong.

For Mr Lee, the legal case are particularly important. "We know that on questions of democracy there are divisions in Hong Kong," he says. "But when it comes to the rule of law, we all speak with one voice. We must not allow people to think there are two rules of law." For international investors, too, the rule of law is a vital support for Hong Kong's role as an international business centre and a bulwark

against corruption. Hong Kong's government dismisses claims of special treatment. "The status of any suspect, or political factors, did not feature in our decision," said the Justice Department. Tung Cheehwa, the territory's post-colonial leader, said the decision to prosecute rested

Many warned Beijing would seek to interfere in Hong Kong after the handover. But so far the problems seem closer to home

for justice, Elsie Leung. While the president of the Law Society warned against asking the Justice Depart-The row has also soured ment to justify every decibuild. In an attempt to cool the issue, Ms Leung yesterday agreed to discuss the case with legislators on Mon-

entirely with the secretary

Failure to ease concerns could lead to an uncomfortable ride for the government. strengthening the hand of its critics in the May elections. The administration's popularity has already been sapped by the feel-bad factor arising from the economic downturn. These latest controversies could further affect its standing.

But the robust response in Hong Kong is also a cause of leader of the Democratic cisation of Hong Kong, which was bemoaned by China ahead of the handover dence of Chinese influence and even by Mr Tung, has of the CPPCC said the organ-isation was not a place for deal."

# Pakistan concern over India's nuclear 'option'

By Farhan Bokhari in Islamabad

government's suggestion nuclear non-proliferation." that New Delhi might intromats suggested that rela- the United Nations Confertions between the two ence on Disarmament in cised". countries might cool in com- Geneva that India's state-

spokesman said: "The open race". some situation. It multiplies agenda which said it would

tan's security besides deal-Pakistan responded robustly ing a grievous blow to global yesterday to the new Indian and regional efforts at

ments could push south Asia A Pakistan foreign office into a "dangerous arms

threat to exercise the nuclear option creates a fear-new government outlined an

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introduce – or "induct" – two countries triggered anxicials indicated it was too nuclear weapons, although it eties among western diplocarly to draw too many manifold the threat to Pakis- introduce - or "induct" that option will be exer-

> The Pakistan spokesman said Pakistan "shall review The statements from the

said it had no "no time mats, who have urged both frame". Mr Atal Behari countries, which have fought ernment's first statement. Vajpayee, prime minister, three wars since the Indian nuclear programmes.

"If the statements from nuclear weapons. the two sides are any indicaing," said one diplomat. scientific research. Some the i Some diplomats and offi- officials also say that in logue."

interpretations from the gov-

Gohar Ayub Khan, Pakis- said: "We are keeping the sub-continent was parti- device in 1974. Pakistan has restrain their missile and gations it has acquired the of goodwill towards the new capability to produce Its official policy says its India and the induction of a

ble Islamabad and Nev Delhi may resume peace India tested a nuclear talks, stalled since last year.

Indian government, said this week: "After the elections in its policy on the nuclear issue to safeguard its sovereignty, territorial integrity and national interests".

It of the nuclear programme "is only in the nuclear programme "is only in the recent cases. In an in the recent case in the recent cases. In an in the recent case in the recent case. In an in the recent case in the rec

# Habibie pledges Indonesia poses policy reform process

B.J. Habibie, Indonesia's new vice president, yesterday told Japanese officials that his government was committed to economic reforms. Mr Habible was in Tokyo spearheading a charm offensive with foreign donor countries designed in part to win new loans and prevent a sovereign default

Taro Nakayama, a senior member of Japan's Liberal Democratic party, quoted Mr Habibie saying Indonesia lacked foreign reserves to pay sovereign debt. Mr Nakayama, a former foreign minister, said Japan was considering offering new loans to help Indonesia pay off loans coming due.

slightly this week at \$16.6bn, thanks to the central bank's that only about \$10bn of the reserves is usable and some of that will be set aside for essential imports.

Mr Habibie said Indonesia was still committed to meeting some \$7bn in sovereign

He said his government reforms required for access to a second \$3bn tranche in easing access to some trade credits and guarantees.

are no polemics any more," one western banker said. "Instead, we have negotiations by professionals. They are talking solutions now.

That is very positive." The turnaround caught many by surprise after months of backtracking and paralysis in the government as it awaited the outcome of presidential elections.

"We can't exclude the possibility that Suharto, now that he has the politics out the way and has proved to everyone that he is firmly in control, feels he can get down to business and get serious about reforms," one of the visiting officials said. Much hope is put on Tanri

Abeng, a respected business executive put in charge of a Indonesia's hard currency new ministry for all 164 state reserves dropped \$2.7bn in enterprises, gathered under February but were up one roof as part of the IMF reforms to stop ministries from treating state-owned companies as cash cows. Mr \$444m standby loan. Central Abeng earlier this week said bank officials have indicated he would set up a holding company for the enterprises, invite foreign investors and restructure or liquidate unhealthy companies.

Officials at Bank Indonesia, the central bank, have been active throughout the debt payments due this year. elections, detailing the bank's guarantee of deposits was making progress in and liabilities of commercial talks with the International banks to persuade foreign banks to persuade foreign Monetary Fund and was banks to resume lending and determined to implement Indonesians to deposit their money again. It succeeded in

commitment to problems for Tokyo

But in the past few days, the Japanese government has found itself in the uncomfortable position of trying to help resolve a conflict impatient US and a recalcitrant Indonesia.

As B.J. Habibie, Indonesia's vice president, embarked on a second day of meetings in Tokyo yesterday, Japanese government and busi-ness leaders were at pains to convince him of their sympathy towards Indonesia's plight yet at the same time support US insistence that Jakarta must comply with International Monetary Fund conditions.

Japan told its guest while it would like to do more to help, it could not do so outside the framework of the \$43bn rescue programme devised by the IMF.

In his meeting with the Tokyo prime minister, Ryu-taro Hashimoto, Mr Habibie asked for Japanese assis- Ministry official. tance for Indonesia's small and medium-sized companies but was told Japan was doing the best it could.

Japanese officials are aware that if Tokyo acted independently it might US, for example, to use its undermine the IMF programme, which would not go down well with the US, Japan's most important ally. However, Japanese officials are at pains to avoid putting undue pressure on Indonesia. Not only has Japan pledged another Y3bn in sought to avoid the percep-tion that it is meddling in



the affairs of a neighbour, but as the economic power-house of the region, it is also keen to be seen as sympathetic towards the Asian position. "We do not want to appear as though Japan and the US are ganging up on Indonesia," says one Foreign This sensitivity has meant

that in spite of its status as the largest donor of development aid to indonesia for the last four years. Japan has been less willing than the aid as a foreign policy tool. Japan has provided Indonesia, its largest recipient of

aid, with a cumulative Y3,100bn (\$24bn) in aid. .When Mr Hashimoto met Mr Suharto last weekend, he medical and food aid

may have hoped that Japan would support his arguments and attempt to convince the IMF to ease its conditions for financial assistance. But it is the Australian, rather than the Japa-

obtain from Mr Suharto in

return was a rather vague commitment to live up to his

pledge to the IMF, on condi-

tion that the international

community becomes more

President Suharto himself

flexible in its demands.

nese, foreign minister who has flown to Washington on that mission. Given its attempt to please both sides as best it can, and its current preoccupation ordinated and effective effort

to help resolve the Indonesian stalemate may be more than the Japanese govern-

To find out more, contact Robin Marriott, P.O. Box 11299, BAHRAIN Manama, Bahrain, Arabian Gulf. Or fax (+973 531117) or MARKETING BOARD visit our website on http://www.bpmb.com



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CABLE TELEVISION LONG-AWAITED AGREEMENT WITH DISCOVERY WORTH \$565m

# BBC signs deal for dedicated US channel

By John Gapper, Media Editor

The BBC and Discovery Communications, the US cable television company, yesterday signed a longawaited \$565m deal which will market BBC programmes internationally and launch a US cable channel dedicated to BBC pro-

The agreement, which has been in negotiation for 18 months, follows a similar agreement with Flextech, the pay television company, nificant step in the BBC's

to establish four commercial channels for UK cable and satellite services using BBC archives.

John Birt, the BBC's director-general, predicted that the BBC could triple its commercial revenues of £500m per year over the next decade, but insisted that it needed to retain its licence fee funding. The BBC is a public service broadcaster financed by a state levy the licence - on users of tele-

vision sets. Mr Birt said it was a sig-

ambition to be a global tele-vision and radio broadcaster. "The BBC wants to be the world's choice for authoritative and trusted news, and a showcase for British talent," he said.

The BBC will retain editorial control of BBC America, its new US cable channel, and will use it to show entertainment, classic drama and arts programmes to American viewers.
The UK corporation -

programmes. which gains about £1.9bn (\$3.2bn) annually from its licence fee funding - will get

a 50 per cent stake in a fac-tual programme joint ven-\$120m from its 20 per cent ture based in the US. Discovstake in the Animal Planet ery will invest \$175m in 'channel in the US. He said BBC America had making programmes

through this venture. similar potential, although Discovery is also investing the US group had not yet \$100m in BBC America, and struck any deals with cable \$195m in other joint venture operators to carry the chanchannels around the world. nel on analogue services. He The BBC will not invest any believed it could reach up to cash in these ventures, but 25m US households within will allow access to its two years. "We feel there is an abunarchives as well as making

dance of the American point John Hendricks, the of view, and this will bring a founder and chairman of fresh approach," Mr Hen-Discovery, said the BBC had

from Gerald Kaufman, chairman of the culture committee of the House of Combecoming a "hybrid organisation" and could not indefi-

nitely retain the licence fee. The BBC is also buying out stakes held by Pearson, owner of the Financial Times, and Cox Communications, a US cable group, in a joint venture company that has sold programmes in Europe. It will retain a similar venture in Australia.

### Unions head for clash with

By Robert Taylor, Employment Editor

Blair

The threat of a full-scale confrontation this summer between the trade unions and the Labour government

grew last night. Union leaders called for a special conference of the Trades Union Congress to fight the government's forthcoming proposals if they reflect employers' demands.

Bill Morris, general secre tary of the large Transport and General Workers' Union, said that a recalled congress was necessary for the unions to decide whether to support the government's proposals on recognition of trade unions for workplace bargaining on pay and condi-

Senior union leaders said they were not reassured by a meeting with Tony Blair, the prime minister, on Wednesday at which they expressed concerns about the employ ers' proposals.

tions.

The TGWU is taking the initiative in calling for a definitive stand by the trade unions. It does not want to delay a protest against the proposals until September, when the TUC meets for its annual conference.

Last night the rightwing AEEU engineering and elecinto line behind the TGWU. Ken Jackson, AEEU general secretary, said he would back the TGWU position if Mr Blair backed the Confederation of British Industry. the largest employers' organisation.

The trade unions continue to insist any recognition proposal must accept that only majority of those voting in ballot should be necessary to secure recognition from an employer for bargaining purposes. The CBI wants a rule that requires a majority of those eligible to vote in the agreed bargaining unit to do so, something that the TUC opposes and which Mr

The government's policy paper on fairness at work, which will present the government's final view or trade union recognition, is

The TUC has already decided to hold a special conference of trade union executives on 6 May to discuss the paper. The TUC general council is expected to assess government plans when it meets on April 26. John Monks, TUC general secre tary, said last night the TUC had "no plans to hold a special congress".

cerned by what they see as strikes concerning recogni-

#### **NEWS DIGEST**

**MOTOR INDUSTRY** 

### Car workers' fears over **GM factory dismissed**

Union warnings over a British car plant of General Motors Vauxhall offshoot were yesterday described as "alarmist and premature" by company executives. Vauxhall unions fear the company's Luton plant, to the north of London, could face closure with the loss of 4,500 jobs because the US parent has decided to invest in its factories in mainland Europe. Vauxhall chiefs met union leaders yesterday to seek agreement on ways of cutting costs and improving productivity. Union fears have been triggered by GM's failure to provide an assurance that the replacement for the Luton-built Vectra model - code-named Epsilon and due to enter production in 2003 - will be built at Luton, as well as in Germany and Belgium.

 UK car production increased in February by 1.3 per cent, to 147,840 compared with the same month last year. But sterling's strength was reflected in slipping production for export, which fell by 3.6 per cent to 86,186 year-on-year. Output for the domestic market increased by 9 per cent, to 61,654. Commercial vehicle production overall fell during the month, by 9.5 per cent to 18,974. Export production fell 17.3 per cent to 7,987. John Griffiths and Robert Taylor, London

#### PROPERTY MARKET

#### Second-best year since 1988

The property market had its best year last year since 1993 and the second-best since the height of the property boom in 1988, industry figures show. The data also show that a record 22 per cent of British commercial property changed hands last year, compared with an average of 15 per cent, suggesting the market is more liquid than ever. According to Investment Property Databank, compilers of the industry's key index, 1997 annual total returns were 17.8 per cent, up from 10.8 per cent in 1996, but below the 19 per cent returns earned in 1993. Property outper-formed bonds for the second successive year, although returns remained below those of UK equities. The capital value of the 13,721 properties measured by the index was £65.4bn (\$109bn). Nearly half were retail properties, the best-performing sector of the market. Norma Cohen, London

#### **END OF DUTY-FREE SALES**

#### Workers' protest to close port

Ferry passengers and road hauliers face serious disruption today when the port of Calais, in northern France, is shut by a protest by French workers demonstrating at Europe-wide plans to end duty-free sales. P & O Stene Line said it would divert its services from Dover, in England, to Zeebrugge in Belgium, though this was a longer journey. The company said it would protest to the French authorities about the disruption. The Freight Transport Association, representing UK hauliers and their customers, said it was advising members to divert to Zeebrugge or use freight trains through the Channel tunnel. The strike will close Calais until 05h45 London time on Saturday. Charles Batchelor, Londo

#### PARLIAMENTARY STANDARDS

#### Premier criticised over F1 trip

(THE PM SEEMS TO HAVE) LEHRNED FROM THE ECCLESTONE AFFAIR

eming Labour party's relationship with Formula One was rekindled vesterday after Tony criticised by the standards and privileges committee of the House of Commons for not registering a free visit to the 1996 British Grand Prix. The committee backed a ruling by Sir Gordon Downey, the parlia mentary standards commissioner, that Mr Rlair should. have registered the hospitality in the register of MPs' interests. Mr Blair took his wife and family to Silverstone in July 1996 as guests of the Federation Internationale de l'Automobile,

The controversy over the gov-

the sport's governing body. Mr Blair said he had not believed the visit should be registered because he had been invited in his official capacity as then leader of the opposition. During his visit, Mr Blair met Bernie Ecclestone, the Formula One promoter, who gave Labour a \$1m donation in the run-up to the election. The money was returned after allegations of a potential conflict of interest over the government's decision to exempt Formula One from a ban on tobacco sponsorship in sport. David Wighton, London

#### FILM POLICY

### Hollywood studios may get aid

Film producers based outside Britain, including Hollywood movie studios, may be able to apply for UK tax breaks and National Lottery subsidies if proposals from the UK government's film pol-icy review group are implemented. The group, co-chaired by wart Tili, a senior PolyGram executive, and Tom Clarke, the film minister, is due to publish its recommendations next Wednesday, it has also explored ways of broadening the definition of what constitutes a UK film. The legal definition is fairly narrow and riddled with idiosyncrasies, such as excluding any film in which more than 7.5 per cent of the soundtrack was recorded outside the UK even if it was shot in the UK with a local crew, it is understood the review group will recommend the definition should be simplified and widened. Non-UK producers would be able to apply for tax breaks or lot-

tery subsidies for pictures now deemed to fail outside the "UKfilm" definition. Alice Rawsthorn, London

## OIL PRODUCTION

## Speculation on merger activity as shares slide

Robert Corzine and Virginia Marsh look at prospects for consolidation in the sector

encouraging speculation about the likelihood of consolidation in the UK's oil exploration and production

Bankers say companies have put a rising volume of assets on the market, as falling oil prices hit cashflows. Brent is fetching about 40 per cent less than it did last

Groups such as Cairn Energy and British-Borneo, which have developed substantial operations in Bangladesh and the US Gulf of Mexico respectively, were until recently among the best performers in the sector as investors began to appreciate the value of meaningful asset bases in high poten-

But some focused companies worry that local concentration is at odds with the traditional way of spreading

Low crude prices are the risk in E&P portfolios, which is based in part on geographical diversification. Others question why time, money and scarce expertise should be spent exploring outside a company's core area merely to achieve some notional balance to its port-

Would it not be better, they ask, to merge with a company focused on another area? That way they could attain genuine portfolio diversification while ensuring that managers remain concentrated.

Combinations that paired high cash flow companies with those with extensive capital development would also make sense, say analysts. "The logic of such linkups is impeccable," says Alan Gaynor, managing director of British-Borneo. "The question is whether egos will get in the way."

groups would sit by and watch such mergers take shape. Pierre Jungels, chief executive of Enterprise Oil, Britain's biggest E&P company, believes North Ameri-

can companies would proba-

bly swoop well before any agreed deals were completed. US integrated oil companies such as Arco, Amoco and Texaco are natural acquirers, says Robin West, head of the Washington DCbased Petroleum Finance Company, "Any company price fall relative to its peers

is will be vulnerable," says whether bigger global Martin Lovegrove, of bank- Lasmo, by 11 per cent. ers CIBC Wood Grundy. Among the hardest hit in and gas corporate finance

recent months have been Dragon Oil and Monument Oil & Gas, both of which have interests in Turkmenistan. Their share prices have underperformed the FTSE All-Share index by 37 and 35 per cent respectively over the past six

British-Borneo and Cairn have trailed the market by 36 and 31 per cent. Shares in Enterprise, traditionally the with a significant share sector's blue chip company,

sector's consolidation but analysts remain sceptical over whether a wave of take-

teams may be plotting the

The City of London's oil

overs is imminent. "Traditionally, deals in this sector have been done when prices start to recover after a downturn and at the moment oil prices are still falling," says Tony Alves at Henderson Crosthwaite, the

British-Borneo warning,

#### NORTH SEA OPERATORS

## Delay in tax increase baffles executives

By Robert Corzine in London

North Sea oil companies are considering appealing to the government for tax relief because Gordon Brown, the chancellor of the exchequer, disclosed in his Budget package on Tuesday proposals that would increase the tax Operators Association. take from offshore

With crude oil prices hovering around nine-year lows, oil executives say they are baffled by the government's announcement this week

By Jonathan Ford in London

London & Continental

Railways, the troubled Chan-

nel tunnel rail link consor-

tium is to propose to the government a deal under

which it would complete the

link with financial backing

from Railtrack, the priva-

tised rail infrastructure com-

pany. The 110km link takes

trains from Paris and Brus-

sels from the tunnel to Lon-

The consortium, which

has been given until the end

of this month to put forward

a revised plan for building

the link, is assembling a res-

cue plan with its advisers,

Deutsche Morgan Grenfell

and SBC Warburg.

"The government has not really appreciated how difficult the situation is in the North Sea," said Sid Price, chairman of the fiscal committee at the UK Offshore which includes the 37 companies licensed to explore and produce oil and gas offshore. "The oil industry is not crying wolf this time."

of North Sea taxation by another year.

John Prescatt, deputy prime

minister, will today announce

the London Underground

(\$584m) to tide it over an

plans for partial privatisation of

railway, including an expected

injection of an extra £350m

immediate funding shortfall.

George Parker and Charles

Under the proposals, Rail-

cost of construction. Rail-

track would undertake to allowing it to raise sufficient

purchase the link from LCR cash through bond issues to

once it is completed at a finance construction of the

track, which would have to thought to be asking the

agree to the deal, refused to government for 10 years to

comment. LCR would use complete the link, which

price that would reflect the £5.4bn (\$9.0bn) line.

that it will extend the review ering a direct approach to tor may soon emerge Mr Brown.

said Mr Price. The companies are considThey complain that the

combination of the new proposals and the delay in fiscal and price uncertainty. deciding on a new regime will exacerbate the uncertainty in the industry and undermine international confidence in the North Sea. which remains a relatively expensive oil producing region, despite recent progress in cutting costs.

There were also warnings yesterday that job losses in the offshore contracting sec-

Tunnel link finance deal to be proposed

Partial self-off of London Underground to be unveiled

government is expected to split

ector concessions to manage

tunnels, signalling and stations

- leaving London Transport as

the publicly owned operator of

the contract as a guarantee.

The consortium is also

the network into three private

the infrastructure - track.

Batchelor write. The

because companies are putting new development projects on hold because of the Syd Fudge, head of the Offshore Contractors Associa-

tion - the trade group for platform fabricators and other oil service providers said there are "severe worries" that workers being laid off as current construction projects come to an end. may not be rehired later in the year, as is usually the case.

However, if an attractive

single bid is made for all the

infrastructure, the government

If the public sector does not

meet its performance targets.

would bring it into operation

well beyond the original

According to observers

close to the discussions, a

final plan is unlikely to be

ready when the deadline

expires at the end of the

month. LCR will present out-

completion date of 2003.

the entire network could be

handed over to private

would be prepared to accept it.

"It's the worst of all combinations," said Mr Fudge. "The government has said it will raise offshore taxes, but the only question is how and when.'

On Tuesday the government announced extended consultation on a new tax regime after finding that the present system - viewed by the international oil industry as one of the most favourable in the world for investment - failed to ensure fair revenues for the government.

further extention.

rently owned by LCR.

and London-Brussels cross

Channel route, have tabled

an indicative bid. The move

pits the companies against

Richard Barnson's Virgin

Group, which has confirmed

its intention to bid.

It also emerged yesterday expected early next month. that British Airways and

National Express, the UK coach, airport and rail group, have submitted a joint proposal to the government to run the Eurostar rail service, which is cur-The companies, last week revealed to be in talks about a bid for the London-Paris

Union leaders are also conthe prime minister's support for the employers' position which would outlaw any

expand on its own, Haig Simonian writes

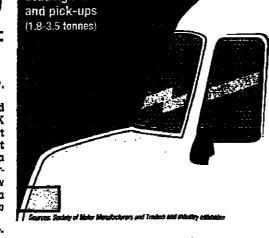
Korea and LDV, the independent UK vanmaker, was Margaret Beckett, the chief industry minister, said yesterday. "This is a project

£25m (\$42m) subsidy to vides a lifeline for LDV. joint venture which rose from the ashes of 1993. Since then, it has maintained second place in the

vived and even flourished -

market last year. But that was down from 12.7 per cent in 1996 as competition increased, notably from Mercedes-Benz. Buoyed by new products, the German group's share climbed from 9.7 to 12.2 per cent last year. LDV's sales also under per-

cent rise last year. Mercedes-Volkswagen and Peugeot-Citroeen also outperformed with the help of new products. Mr Amey says LDV's 2005 compared with about ing on a single programme; sales this year are up about 2005 compared with about ing on a single programme, list wenture with Renault. Motor Pola 17,000 last year. Up to 75 per that's too much for LDV 15 per cent. But the difficult addition, the strength of after last year's economic various areas. Some observ- its new products, due early Polish arm.



facturers more competitive. Daewoo itself has other its new Transit in the next rowed heavily to finance 18 months; Fiat's Iveco com- breakneck expansion in General Motors - its former announced a return to the

market conditions in 1997 sterling has made all the crisis. Regional demand in ers believe CM could take a next century, will be built at Daewoo is very exposed. tougher. Ford should unveil worries. The group has bor- ny's predicament led to a nership with LDV could be

Last month, the compa-

kept profits pegged to mainland European manu- south-east Asia is also down. direct stake in Daewoo's car

Should that happen, partsurprise agreement with tricky In late 1996, GM mercial vehicles subsidiary recent years. But vehicle mentor in cars. The two are van business in Europe via a to the LDV deal is Daewoo

GM's IBC subsidiary in England. Should GM tie the knot with Daewoo, the US group is unlikely to want to compete with itself.

wants to step up sales. In sales in Korea have plunged examining co-operation in joint venture with Renault.

Motor Poland, the group's



tough British market, knew it could not he British government's cent will be exported. It pro-

between Daewoo of South the collapsed Daf group in essential to seal the deal, tough UK van market behind Ford. with some potential, but modernising its veteran Benz, by contrast soared by with some risks," she added. range in 1996 - the company The £160m project, in recognised it lacked the deep which Daewoo is investing pockets required to develop \$25m, will raise LDV's out newer vehicles. "There can put to 80,000 vans a year by be up to 500 engineers work-

The company accounted for 12.4 per cent of the UK

But although LDV has sur- formed the market's 11 per

roughly the 1996 level. Competition will get

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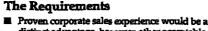
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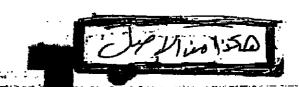
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Tax is on everyone's minds at the moment. As a professional you are no doubt hotly debating the impact of the Budget on your clients. But think about yourself as well as your clients. Is your tax career developing the way you want it to, or

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We have a reputation as one of the your le friendliest - and one of the largest and most ambitidity departments in the City. We also have opportunities for secondment to our corporate clients and to our overseas offices including the US and the Far East.

You might be junior and seeking quality international tax experience, or more senior and seeking a greater challenge: Either way, if you think it is time for a change we would like to talk to you.



For further information in complete confidence, please contact Adrian Fox, Jonethan Robin or Kate Sutcliffe on 0171 405 6062 (0171 286 1441, 0181 364 9558 or 0956 569203 evenings/weekends) or write to them at Quarry Dougall Recruitment, 37-41 Bedford Row, London WC1R 4JH. Confidential fax 0171 831 6394.



## **MARKET ANALYST/ECONOMIST** - EMERGING MARKETS

Salary £35,000 plus bonus

A major US bank requires a Market Analyst/Economist to join its emerging market fixed income research team to cover European Time Zone emerging market countries. The analyst/economist will have good knowledge of the economic, political and market environments in Central and Eastern Europe, CIS states, Middle East, North Africa and Sub-Saharan Africa in general, and specifically, Turkey, Algeria, Romania Kazakstan, Egypt, Ivory Coast, Jordan and the Balkans. The successful candidate will have:

- a degree and relevant post-graduate qualifications in economics and politics; • senior sovereign credit based analytical experience of the relevant
- the ability to tie this credit knowledge to market strategy;
- excellent written and verbal communication skills, internally and with clients and experience working with the media (TV, radio and print). Replies to: PO Box No. A6096.

infinium Software has over \$31 million in revenue and over 1,400 clients worldwide. We have the following opening:

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**Development Manager** 

You will manage the continued development of our Financial suite of products (GL/AP/AR/CB/JM), and its rules based development environment. This includes new feature enhancements, and an architectural migration of the product to Microsoft's latest technologies such as COM, MTS and IIS. Requires a degree in computers with 7+ years' technical development experien and 5 years' management experience in a software development environment. Must have architectural infrastructure experience in an NT, C++, Corba or COM nvironment. Both applications develo and tools development experience are necessary. A Master's degree is preferred.

We offer a competitive salary along with a seperior benefits package, including medical, dental and vision plans, as well as 401(k), and wellness reimbursement. In addition, we offer employee stock and PC purchase programs, as well as educational assistance, paid ecation time, and a \$5000 employee referral program.

Please forward your C.V. to: Maureen Hervey, Montague Place, Queyside, Chetham, Maritime, Keet ME440U: Facc 163-489-0248. Dendfine for closing applications is 3/31/98. An Equal Opportunity Employer.







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## **EUROPEAN ACCOUNT DIRECTORS**



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Technimetrics, Inc. is the leading provider of global shareholding and fund management data to the banking and stockbroking community worldwide. With offices in London, Tokyo, Amsterdam, Sydney, Sao Paulo and New York, we offer the most comprehensive com sive and accurate financial data available.

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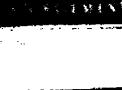
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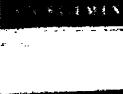
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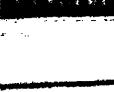


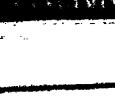


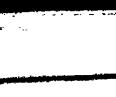




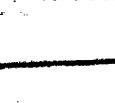


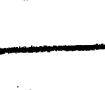




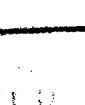




















































## PRIVATE CLIENT PORTFOLIO MANAGER **SHAKESPEARES**

SOLICITORS

Shakespeares Solicitors is a progressive law firm with a niche investment business and substantial funds under management. We are now seeking to add to our team in order to capitalise on the strong expansion which is continuing and therefore need to appoint a PRIVATE CLIENT PORTFOLIO MANAGER. The successful candidate will hold a recognised professional qualification, be computer literate, possess excellent written and oral communications skills and have experience of providing a first rate service to discerning clients. Applicants must already have qualified person status under the Law Society Regime or be capable of attaining that status within a short time scale.

Please reply in writing with full CV to:

Ms L M Goode Recruitment Manager Shakespeares 10 Bennetts Hill Birmingham

Closing date for applications - 31st March 1998.

# INVESTMENT ALABYSES

The firm is a London-based unit of one of the largest and most prestigious US Inwest the major European markets. As a result of growth and expansion, we now seek to appoint the additional of UK INVESTMENT ANALYS.

#### **EUROPEAN INVESTMENT ANALYST £Competitive** + Benefits

THE ROLE

- Primarily focusing on the French, Spanish and Italian equity markets Balance sheet, profit and loss, cash flow statement and financial ratio
- Prepare detailed analysis of companies through the writing of summary
- Direct involvement with the money management process through investment recommendations
- Participation in company meetings with senior management teams.

At least 1 years experience performing company financial analysis in an accountant firm a superforming advisory company, unit trust management, stockbroker, merchant bank, commercial bank, superforming company, unit trust management, stockbroker, merchant bank, commercial bank, superforming company, unit trust management, stockbroker, merchant bank, commercial bank, superforming company, unit trust management, stockbroker, merchant bank, commercial bank, superforming company, unit trust management, stockbroker, merchant bank, commercial bank, superforming company, unit trust management, stockbroker, merchant bank, commercial bank.

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Tel: 0171 209 1000, Fax: 0171 209 0001, E-mail: jfk@fss.co.uk, Visit.our senates at an excession.

#### CHIEF **EXECUTIVE OFFICER**

CHANNEL ISLANDS STOCK EXCHANGE St Peter Port • Guernsey

Applications are being sought for the position of Chief Executive Officer of The Channel Islands Stock Exchange which is due to commence operations in the third quarter 1998.

The Chief Executive Officer will be responsible to the Chairman and the Board of Directors for the successful development and operation of this new offshore stock exchange.

At least 10 years working experience in a senior managerial capacity within the securities industry either in the operation and/or development of stock or derivatives exchanges or in a similar role within the securities department of an international bank or other international financial institution is essential. Ideally, the successful candidate should be highly motivated and accustomed to start-up situations with a proven track record in the development of one or more business activities in the financial services sector, and should possess a securities industry qualification, a professional qualification (lawyer or accountant)

A competitive salary (negotiable) and remuneration package, including profit sharing and pension provisions, will be offered.

Applications, in writing, together with current resume and salary details should be directed to:

The CISE Development Committee

**Guernsey Financial Services Commission** Valley House, Hirzel Street, St Peter Port, Guernsey GY1 2NP Channel Islands, U.K.

## **Appointments Advertising**

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising

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Financial Times

### Senior Dealer Spot Foreign Exchange

Société Générale is one of Europe's leading commercial and investment banks with an extensive international network. The opportunity has arisen for three Senior Dealer Spot Foreign Exchange positions to add to the capabilities of the existing London Branch Foreign Exchange.

The work primarily involves increasing the profits made by the Foreign Exchange product line worldwide by improving the trading synergies between Société Générale in the US and Société Générale in London. Suitable candidates will have extensive knowledge of US trading methodology and exchange practices and a high level of experience in trading in US Dollar/Swiss Franc, Sterling/Mark and US Dollars.

Successful candidates will have a minimum of six years or more financial institution experience, significant knowledge of currency arbitrage and excellent analysis skills.

We can offer exciting career prospects and an attractive remuneration package that will reflect the skills and experience of the successful candidate.

Candidates should apply in writing by Monday 30 March enclosing a cv (including details of current salary and notice period) to Robert Potter, Human Resources, Société Générale, Exchange House, Primrose Street, London ECZA 2DD.



## **Bond Dealer**

**Central Dealing Desk** 

London

Legal & General Investment Management Ltd, one of the UK's leading fund management houses, is seeking a bond dealer to work on its central dealing desk. The position will include assessing bond markets, keeping abreast of and disseminating appropriate market information, and providing advice on timing and trading to fund managers.

We are looking for an experienced bond trader preferably with MM, FX and/or Bond Repo trading experience and evidence of good, sustainable performance. The successful candidate is likely to be a graduate and IMC qualified with a willingness to broaden trading aptitude to other asset classes.

A competitive remuneration package, commensurate with experience, will be offered.

Please send your full details to:

Gaile Carter, Personnel Department, Legal & General Investment Management, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL.



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**Mark Williams** Tel: 0171 873 4153 or Ben Bonney-James Tel: 0171 873 4015 email: mark.L.williams@ft.com

Fax: 0171 873 4331 email:ben.bonney-james@ft.com

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MERGERS AND ACQUISITIONS MANAGER

#### NOTTINGHAM

c. \$70,000 + BONUS + BENEFITS

- The Boots Company has a turnover in excess of £4.5 billion and a strong record of creating shareholder value. Its activities include a variety of retailing activities both in the UK and overseas, and the manufacture and marketing of health and personal care products throughout the world.
- Operating across diverse and rapidly changing markets, the brief of the mergers and acquisitions team is to act as central point of contact for banks and consultants and to provide expert assistance on all acquisitions and disposals. Significant transaction activity both in UK and overseas has led to the creation of this senior role within the team.
- More specifically, you will be required to work with Business Units on acquisitions, disposals and joint ventures; and participate in non-trading negotiztions as the need arises
- This high profile role, typically working at Main Board Director and Business Unit Managing Director level, requires a thorough understanding of both Group and individual Business Unit strategy and well developed interpersonal skills.
- Previous transaction experience is a pre-requisite and could have been gained in a variety of backgrounds: corporate; investment banking; legal or accountancy; venture capital.
- Candidates are likely to possess a legal or accounting qualification and must be highly literate and numerate. Strong commercial judgement, well developed negotiation skills, and the ability to inspire trust and confidence are key to ensuring success in the role.



Susan Ryder

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Whitehead SELECTION

#### INTERNATIONAL EXECUTIVE SEARCH

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TASA International is a leading international executive search firm, operating globally. Among the world's top retained executive search firms, TASA International is one of the few, fully integrated global partnerships in the profession with 32 offices worldwide, including 13 in Europe. Exceptionally strong growth, combined with internal promotions, has led to openings at Partner and Principal level across Europe for high calibre individuals looking for a career in a dynamic, professional and

process from client management and development through

Rigorous service levels and a strong client relationship driven culture are key characteristics of our partnership.

THE PERSON

- Partners/Principals are involved in the entire search Candidates will be graduates in their 30s/40s with a minimum of ten years' relevant experience gained in any industrial/ commercial sector and/or in executive search.
  - · Personal qualities sought include energy/tenacity, creativity, attention to detail, outstanding communication skills and a strong team approach. Individuals will be able to demonstrate excellent business development, sales/marketing and project

Please respond to: Michael Squires, Chief Executive, TASA International, Dufourstrasse 101, Postfach CH-8034 Zürich, Telephone: (41) 1-383 49 66. Fax: (41) 1-383 75 92. E-mail: TASA\_Zurich@compuserve.com

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Granville is a specialist independent investment banking group delivering an expert, creative and practical service to growth companies and to institutional and private investors. Our goal is to become the leading investment bank in our specialised markers. To achieve this, we will continue to develop our highly complementary range of businesses, building on our expertise and the quality of our staff.

We have a high calibre transactional team which is currently undergoing a period of rapid expansion with ambitious plans for the future. A growing business demands strong financial planning and management. That's why we are looking to recruit a financial controller for our private equity operations.

This high profile role will be integral to the business, not divorced from it as many financial control roles can be. We are seeking an individual who possesses commercial acumen, technical accounting skills, a strong systems capability and knowledge of the private equity markets. This must be coupled with a 'can-do' attitude, a proactive, solution focussed approach and a real ability and desire to work in a team orientated environment. Given the growth of the company, prospects are excellent and salary and benefits package will reflect the calibre of the individual sought.

If you believe you have the necessary credentials and are seeking a new challenge, please send your CV to Sarah Hunt at Michael Page City, 50 Cannon Street, London EC4N 6]], Fax 0171 329 3426. Alternatively you can telephone her on 0171 269 1846.

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## "Premium roles ...... outstanding returns"

Bournemouth based (full relocation package)

Liverpool Victoria is a broad based financial services company which provides a full range of personal line products from life insurance, savings and mortgage products to general insurance and banking. The group employs 2600 staff at the head office in Bournemouth and has a network of 40 offices throughout the UK. Recent acquisitions of the Frizzell Group and Landmark – a large general insurance business, are integral to its growth plans. This is an existing and challenging period for the group which has resulted in the need for two progressive financial professionals to take proactive roles in driving business change. Both roles report to the Finance Director.

### Finance and Administration Manager

c £52,000 + Car + Benefits

This is a key role within the finance team with responsibility for 30 staff and the production of all financial, management and statutory accounts for the group. This function also has wider responsibilities including production of returns to relevant regulatory bodies, management of the car fleet and treasury back office. Given the extensive change within the business many ad hoc projects have arisen which have group wide implications. The incumbent will be expected to direct, question and challenge existing methods and systems to ensure maximised efficiency of financial reporting.

Candidates will be qualified Chartered Accountants, with 5-10 years post qualification experience gained in a large financial services organisation. Experience to date will include direct financial management experience and responsibility for staff.

#### **Business Planning Manager**

c £55,000 + Car + Benefits

This is a new role which will provide high level analytical planning and project accounting to support the business development needs of the group. Principle responsibilities include:

- Control and co-ordination of the business planning and budgeting cycle, three year strategic planning plus development of
- the regular forecasting cycle.

  Close flatson with business leaders to ensure that business plans reflect business activities
- Full analysis of group performance and Identifying variances to plan. Assist the Finance Director on major ad-hoc projects.
- Management of four staff,

Cendidates will be qualified accountants, either ACA or CIMA, with 5-10 years post-qualified experience. Background will include significant management accounting and financial planning experience gained in a large and change orientated environment.

These are challenging roles for business driven finance professionals, if you feel you have the ability to provide strong management in an environment of cultural change, please send your CV, quoting reference 1409545 to Jonathan Ross at Michael Page Finance, 33 Biagrave Street, Reading, Berkshire RG1 1PW. Alternatively, fax 0118 956 1657 or e-mail: jonathanrosse

### Michael Page

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# CREDIT

#### Kiev, Ukraine

## Vice President, Finance **Administration & Operations**

#### Significant Six Figure Salary + Substantial Bonus + Expat Bens

Credit Suisse First Boston (CSFB) is a leading global corporate and investment bank, providing comprehensive financial advisory, capital raising, sales and trading and financial products for clients around the world. It operates in over 50 offices across more than 30 countries and six continents and has over 12,000 employees.

When CSFB concentrates its resources in an emerging market of great potential, the results can be impressive. Seven years ago, the leadership of CSFB concluded that the constituent areas of the Former Soviet Union were simply too large and promising to Ignore.

In 1991, CSFB began deploying significant resources in the region and is the one major bank to make an early commitment and stay. Their fully licensed Russian subsidiary is now one of the ten largest Russian banks and the only foreign firm that is a primary dealer in GKOs, the Russian Treasury Bills. In 1996 and building strategically upon their phenomenal success, CSFB recognised the logic of extending their business into Ukraine's rapidly growing economy and started operations in Kiev.

Today there are over 50 staff in Kiev offering a full range of corporate and investment banking services. Together with Moscow, they provide Credit Sulsse Group with a significant portion of its ennual profits. The high returns in the market may reflect the risks but these are risks which CSFB's competitors have been unwilling to take. The bank's success is down to its willingness to dedicate resources and not waiver from a commitment to a market which although at times volatile, is fundamentally growing and will continue to grow.

Having placed substantial expertise and significant resources in Kiev, they now require an exceptional individual to run their operations in a high yield and a personally rewarding environment.

Effectively responsible for the running of the 50+ staff in the rapidly expanding Kiev office, this role has a close working relationship with both London and Moscow and is seen as a key strategic position to CSFB's continuing growth in the region.

With systems already in place, this role will require you to focus on the long and short term growth of the bank as well as controlling all finance, administration and operation functions to include accepting ultimate responsibility for human resources, legal and information technology. Crucially, you will represent CSFB's interests at the international bank meetings.

You will be a forward thinking and dynamic person who has a strong concept of both the controls and legal issues involved in

- running a bank in what is a challenging arena. You should also possess/be; Demonstrable success/experience in a similar role.
  - Recognised accountancy qualification.
  - Strong menagement skills.
  - Adaptable and resourceful character. · Highly credible.
  - ◆ Team oriented

To be considered for this outstanding career opportunity, please send your CV quoting reference 410169 to Jonathan Stokes at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LN, UK. Telephone +44 (0) 171 831 2000. Alternatively fax on +44 (0)171 831 3440 or e-mail: jonathanstokes@michaelpage.com

## Michael Page

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APV is an international company involved in process engineering and component manufacture and distribution principally serving the food, beverage, dairy and pharmaceutical industries. APV is part of Siebe, one of the UK's largest diversified engineering company, employing over 50,000 people in over 200 companies around the world. APV is undertaking a major programme of change which will increase the importance of the finance function to the business, both in terms of Information demands and input into the planning and decision making process. In line with these developments, APV have identified the requirement for a Divisional Finance Director and a Group Business Planning Analyst.

**APV Limited** 

A Siebe Group Company

#### Finance Director -**APV Europe Manufacturing Business**

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c £55-60,000 + Car + Bonus

Reporting into the Vice President - Europe Manufacturing, with a functional reporting line to APV's European Finance Director, the role will encompass both the operational and strategic management of the European Manufacturing business in the UK, Denmark and Germany and functional responsibility for local Finance Directors/Controllers.

- Key responsibilities will also include: The financial management and control of the European manufacturing business.
- Supporting the ongoing change management and restructuring programme. Developing close working relationships with management teams, in particular the local Finance Directors/Controllers
- Providing a commercial focus whilst maintaining financial control and probity.
- Participation in MIS enhancement, particularly the planned SAP implementation
- accountants, who have progressive careers to date with experience preferably gained within a European manufacturing environment

In addition to possessing high levels of motivation and a proactive participative attitude, suitable candidates will be qualified

### **Group Business** Planning Analyst

#### **West Sussex**

 $c \pm 50,000 + Car + Benefits$ 

Reporting into APV's Chief Financial Officer, this is a new position which has resulted from the increased business focus attributable to the finance function. Objective in thought process, the Group Business and Planning Analyst's role will include both financial and commercial input

- and responsibility. Key responsibilities will also include:
- Undertaking commercial analysis of potential acquisitions and disposals in accordance with APV's strategy. Establish guidelines and review strategic project proposals, across all APV businesses.
- Determining global transfer pricing policy, in conjunction with local Managing Directors. Undertaking strategically focused projects as part of the change management programme.
- This is a very high profile role and suitable candidates must possess the necessary gravitas and credibility to perform in a demanding and 'hands-on' environment. In addition, candidates will be qualified accountants, who possess high levels of business accmen and the ability to progress to a Finance Director role and have experience of working in manufacturing environments.

  Ref 410081

If you have the required skills and attitude, please send a current CV, including current remuneration, quoting appropriate reference number to Alistair Robinson at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG Fex 01372 370101 e-mail: alistairrobinson@michaelpage.com

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## CHIEF FINANCIAL OFFICER

Fast growth high technology company - NASDAQ IPO within 12 months

Excellent Package including substantial stock options The explosive demand for on-line services to the home, such as the Internet and video on demand, has increased the need for deployment of cost-effective fibre-optic telecommunication systems. Bookham Technology has developed a unique lowcost process, known as ASOC™, for manufacturing optical components that will enable optical fibre to reach every home. With global intellectual property ownership for ASOCTM technology, proven designs and volume production established, Bookham Technology are now looking for an experienced CFO to contribute to the strategic success of the business and lead

their imminent flotation on NASDAQ. The Opportunity

- Manage Bookham Technology through the NASDAQ IPO
- Present the company and the market opportunity to the investment community, represent the company to investors
- Work with a highly experienced international Senior Management Team to shape business strategy post-IPO
- Ensure optimal financial management of the business to maximise the potential growth and return on investment
- Must have experience of flotation, preferably on NASDAQ Must have appreciation of technology-related production
- CONTROL Excellent track record of financial management and
- business leadership
- Personal credibility with the technology stock investment
- community, either in the UK or USA • Willingness to live in Oxford area while travelling
- It you can see the potential of this exciting opportunity and wish to share in Bookham's future, please write to our retained consultant, David Myers at Daniel Stuart Executive Search, Richmond House, Bath Road, Newbury, Berks RG14 1QY, quoting reference 983/FT. Please enclose a full CV with current salary details. Alternatively send by fax to 07070 714748 or email: david myers@exdec.demon.co.uk

extensively

#### **European Finance Manager**

#### PROJECT & CHANGE MANAGEMENT

£45,000 + Boxus + Benefits

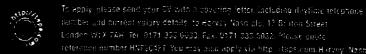
Sotheby's is one of the world's leading art organisations, with representative offices globally. With auction sales of \$1.8 billion for 1997 and net income of \$40 million, the organisation is enjoying a period of sustained growth, particularly in Europe, and is supported by a sophisticated finance intrastructure. They are

now seeking a European Finance Manager who will SOTHEBYS report to the European Financial Controller and whose responsibilities will include:

- Managing the changes in the reporting processes as SAP is implemented worldwide in 1998/9, forging close links with the Corporate team in New York, the continental European Finance Managers and UK chief accountant.
- The accounting, reporting and financial and business analysis for the European Group.
- London
- Providing advice, best practice and value added to the European operations and providing support to Operations Management, Providing initiative and control in managing a diverse, complex and high volume business.

 Managing a team of 4. Candidates will be graduate, qualified accountants

with 5 years PQE gained in a multi-cultural US GAAP reporting environment. They will display high technical and analytical capabilities and strong systems expertise (preferably Hyperion and SAP). Management and interpersonal skills will be commensurate with a position of this importance and as indeed will be candidates commercial acumen, credibility and initiative. French and/or German fluency would be



HARVEY NASH

c£50k + Bonus + Benefits

#### THE COMPANY

Our client is a leading importer and distributor of food products from worldwide sources to major supermarkets, cash and carry and wholesale outlets in the UK. Their recent merger with an Italian Ptc has produced the need to recruit a Director of Finance.

#### THE ROLE

Reporting directly to the CEO and supervising seven staff the appointee will be responsible for all aspects of the finance function. This broad ranging position encompasses full financial and management accounts including budgets, cash flows, foreign currency exposure monitoring and company secretarial duties.

#### THE CANDIDATE

In addition to fluent Italian and a UK accountancy qualification, the successful candidate will need the interpersonal skills to communicate effectively at all levels combined with a commercial,

Interested candidates should send their CV and current remuneration details to Bruce Macaulay at Douglas Llambias Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. E-mail: info@dla.co.uk



DOUGLAS LLAMBIAS ASSOCIATES

RECRUITMENT CONSULTANTS

**UK Financial Director** 



#### Cumbria

to £50,000 + Car + Bonus + Relocation

Our client is a division of a major US multinational company manufacturing and selling to the FMCG marketplace. It employs leading edge technology, to ensure continued innovation and quality keep them at the forefront of a highly competitive market. This has led them to increase their UK market share from below 20% to 35% in six years and secure a turnover of over £200 million.

Due to an internal promotion, a role has arisen for a UK Financial Director. The role will encompass the following areas of responsibility.

- Strategic planning.
- ◆ IT development.
- Management and development of staff on two
- Working capital management.
- Assessing feasibility re new product development.
- Investment appraisal.

 Change management during the migration of transactions processing to a Financial Shared Services Centre.

The successful candidate will be a qualified

accountant with at least five years post qualification experience in a manufacturing environment. They should be confident and down-to-earth and be as comfortable leading the business with the Managing Director in strategic terms as well as rolling their sleeves up to manage change and continue to improve the efficiency and effectiveness of management reporting and control. They should be ambitious as international opportunities are likely to arise for this person.

If you are interested then please forward your CV. with full package details to David Gunning ACA, Regional Manager, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ e-mail: davldgunning@mlchaelpage.com Please quote reference 410213.

## Michael Page

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# Systems Accountant

#### North London

With a turnover of £1 billion and following a comprehensive review of group activities. Our client has become a market leading high street retailer. Further brand development and store refurbishment, in conjunction with rigorous financial control, has enabled the group to succeed in this highly competitive and challenging

Sophisticated new systems have been developed to deal with buying and merchandising, inventory management and financial control. The recruitment of a Systems Accountant, capable of enhancing the interface between these functions, is regarded as a key strategic appointment within the organisation.

Your brief will encompass:

- Full responsibility for a suite of financial applications.
- Effective development of database query tools to give increased reporting functionality.

## to £45,000 + Car + Benefits

- Representation of the finance department in relation to group projects and related
- IT matters. Ad-hoc analysis and general ledger report

Ideally a qualified accountant, you will be an effective communicator, able to influence Individuals at all levels. Reporting directly to the Financial Controller, you will be expected to play a proactive role in the development of the position and as a result, drive, motivation and teamwork will be essential qualities. Experience of JBA and AS400 systems would be a distinct advantage.

Interested applicants should send a comprehensive curriculum vitae, including salary details, to Simon Keating at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, quoting reference 410547. e-mail: simonkeating@michaelpage.com

## Michael Page

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

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## Chief Accountant

Multi-Site Business

Belonging to a global organisation, this profitable and expanding £80m+ company supplies products and services to customers through a national multi-site infrastructure. The company philosophy in a very competitive marketplace is one of growth through quality people, products and after sales support.

Due to internal promotion, there is a vacancy for a Chief Accountant, with a staff of 25, reporting to the Financial Director, whose responsibilities include:

Berkshire -Head Office

- Management of accounting and reporting functions Internal controls and accounting procedures
   Liaison with Divisional site-based Controllers
- Co-ordination/presentation of Budgets and Forecasts

c.£42,500, bonus, car Currently managing the finance function of a medium sized service/distribution focused company, within a manufacturing environment, candidates will be professionally qualified, with exceptional interpulsational and people management skills. Aged not less than 35, they will be tracted be technically sound, with proven MIS ability, and accustomed to demanding standards of punctuality and accuracy, preferably within a multinational organisation.

Interested candidates should write with full CV, quoting current rewards packag to Andrew Satterly, Hoggett Bowers, 85-89 Colmore Row, Birmingham B3 28B, Tel: 0121 212 0088, Fax: 0121 233 1449, quoting ref: BAS/15994/FT.

Hoggett | **Bowers** 

Executive Search and Selection



## Vice President, Accounts

Kuwait

 Our client, United Arab Shipping Co. S.A.G. (UASC), is a leading Gulf based shipping company and is engaged in the transportation of container and breakbulk cargo on its own and through joint ventures. It currently owns 46 vessels of vanous types which have a combined carrying capacity of about 40,000 TEUs. Ten new container vessels, having a total capacity of 38,000 TEUs, are expected to be added to the fleet during 1998. The company also performs other shipping and maritime transport related operations including freight loading, clearing and forwarding, vessel agency services

As part of its drive to strengthen its senior management, UASC is looking to recruit a Vice

■ The incumbent will be in charge of the entire accounting function in the company and will report to the Deputy Chief Executive Officer and Chief Financial & Administration Officer. His prime responsibilities will be to plan, direct and co-ordinate the accounting, financial control and financial reporting activities of the company. He will be involved in exercising the financial control on the company's resources, ensuring compliance with approved accounting and reporting policies and procedures, and ensuring timely reporting for internal and external purposes.

The ideal candidate will be a professional accountant with at least five years experience as the head of accounting and financial control in a large, progressive organisation.

■ The position requires a professional with strong analytical and good inter-personal skills. Experience in the shipping business would be a definite advantage.

■ The company will offer an attractive remuneration package and applicable expatriate benefits, commensurate with background and experience.

# If you feel you meet our client's requirements please apply within four weeks, outlining your suitability for the position concerned, giving your current remuneration details and enclosing a passport size photograph, to Varun Dev Sharma, Director - Recruitment and Human Resources, Ernst & Young, P.O. Box 74, 13001 Safat, Kuwait. Please mark 'Ref: VPA/FT' on the envelope. Only shortlisted candidates will be contacted.

**II ERNST & YOUNG** 

European Bank

The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their The European Black supports technical assistance.

sector, restructuring and and improvement of the

compensation and relocation package, we offer action and achievement in a truly historical

Along with a competitive

## Senior Banke

Power & Energy (ref. FT1140)

Hunctions: L establish and maintain close co with spensors for project finance within the power s international). 

propose and develop project finance other instruments for the sector, 🗌 lead project teat and moress mainly large private sector projects of the people and energy sector with limited supervi-positive ally as finance specialist in the preparation Operation Leaders.

General Requirements: 🗌 degree in finance/b impressity in the country of education. Strong b accounting; 15 years successful work experies or development bank. Specific experience in proj estellent negoristion and marketing skills; the terminal decisions based on vigorous analysis unication erating information; I fluency in English (1996) each and eastern European languages is desirable; SRIP offices in our countries of operation is essential

Property our detailed CV in English, quoting refesque of the Survey of the Comment of the Commen

#### STRATEGIC PLANNING MANAGER

LONDON

**EXCELLENT PACKAGE** 

 Bass is a major FISE 100 company which has developed leading positions in hotels, leisure retailing and branded drinks. It employs over 75,000 people and has an annual turnover in excess of \$5 bn. It is in the process of acquiring Inter-Continental Hotels to add to its hotel

 As a member of Group Strategic Planning, you will advise top management on selected issues of critical strategic importance to the Group and assist in devising, implementing and maintaining a Group Strategy to maximise long-term shareholder

 You will undertake projects on an 2d boc basis across all areas of the Bass portfolio, advising one

**BASS PLC** 

or more Executive Director and members of his

• In your late 20s, with an outstanding academic record, ideally including an MBA, you will have at least 2 years' strategic planning experience in a leading strategy consultancy, blue-chip corporate or financial institution.

 Resilient and flexible in approach, you will be highly strategic/analytical with excellent communication skills to establish credibility and influence with Divisional Directors and at Board level. You will be proactive with drive, energy and a clear ability to create change.

• This is a challenging role with considerable scope for further progression within the organisation,

**CARLING** 









Helen Robert II HH Street, London WIX 888 Attention!

# Business Managers

Senior Managers and Principals of Major International Service Firms

We seek professionals with hands-on client service experience to fill several openings for Practice Business Managers. They will work in partnership with the Chairs of our major European practices to plan and manage the business of our business.

The ideal candidates will have five plus years of consulting, accounting, auditing or similar professional service firm expenence; a solid understanding of the economics and operations of such firms; an excellent performance record: an MBA or equivalent; strong interpersonal and leadership skills; strong

analytical experience; and a desire to make a career and lifestyle change.

Burson-Marsteller is the market leader in our profession, and offers the successful candidate an opportunity for growth, challenge and advancement within a stimulating and creative environment. Compensation is flexible.

Please submit your c.v. in strictest confidence to Box No. A6097 Financial Times Number One Southwark Bridge London SE1 9HL by 2 April 1998,

Burson-Marsteller



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Directo

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## AN EXCEPTIONAL ENVIRONMENT FOR OUTSTANDING PERFORMERS

ACAs/MBAs/CIMAs - SW London/Hampshire - Excellent package, benefits and relocation

"A great company needs to have a set of values that drive every phase of its operations with passion and commitment. How we do things is often as important as what we do. We will continue to demand a great deal of ourselves and each other ... "HA Wagner, Chairman, President and CEO

Integrating complex technology with operational excellence, Air Products' record of ently superior financial performance is exceptional. Annual sales in 1997 reached \$4.8 billion, with an increased quarterly dividend for the 15th consecutive year. A worldwide market leader. Air Products technologies touch every part of daily life, serving a range of industries from healthcare to chemicals, aerospace to food production, environmental protection to micro-electronics. Europe has been an important part of the companies growth and through a series of strategic acquisitions and the expansion of its product range. now accounts for \$1.2 billion of the global business.

As an employer, Air Products' commitment to its core values has established a culture in which its 16,000 employees in over 30 countries world-wide feel challenged and valued. Building its market-leading position through business strength and flawless execution, the company recognises and rewards individual and team success, providing continuous training, variety and opportunity.

In the finance function, low staff turnover is further evidence of the company's cessful commitment to developing the talents of its employees. Howe organic growth, acquisitions and a range of internal promotions have created a number of outstanding openings. Air Products is currently seeking individuals with excellent finance skills and the talent and ambition to add value in this dynamic environment. Offering an opportunity to work across functional, operational and country boundaries, a number of roles exist in the following areas:

- Acquisitions
  - Treasury Business Analysis
- Management Accounting European Audit

Candidates for these positions could come from a range of backgrounds, from newlyqualified ACAs/CIMAs to individuals with up to a total of six years' finance experience, a recognised accounting qualification, relevant business degree or European equivalent. A number of the roles offer opportunities for European travel - language skills will therefore be an advantage. In every case, excellent communication ability, strong team skills and an international outlook are important successful candidates will be able to develop their career in the UK, Europe or world-wide.

If you would like to find out more about finance careers within Air Products, please fax or send your CV to the address below quoting ref:253. For more information, call us on (+44) 171 242 9191 (weekdays) or (+44) 0966 119056 or (+44) 1580 713683

Please note any applications sent direct to Air Products will be forwarded to Alderwick Consulting Ltd.

## ALDERWICK CONSULTING

SEARCH & SELECTION 95 FETTER LANE, LONDON EC4A IEP. TELEPHONE: (+44) 171-842 9191 FAX: (+44) 171-842 9560

## Strategic Financial Planning to £80,000 + bonus

#### London

One of the world's premier, fully integrated, corporate and investment banking firms, our client offers a comprehensive range of corporate advisory, capital raising and sales and trading services. The bank is a market leader in all major markets and London is a centre for many of its global activities. Following the restructuring of the Global Finance Function, there is now a requirement to expand the role of the Financial Planning Department, the objective being to pursue industry wide best practice. The core activities of this team will be to:

#### Global Investment

Bank

Manage the annual business planning cycle. Provide ongoing analytical planning and budgetary information to senior management.

- Co-ordinate the annual global budget process.
- Establish and maintain an appropriate framework of processes and systems to support all of the above.

In addition, the team will be constantly developing and evolving the firm's budgeting process to ensure it is fully integrated with, and complementary to, the Strategic Planning and Business Planning processes globally. In order to guarantee the process will provide the best possible information to take the business forward, the team will communicate and liaise with all divisions and regions. The aim is to have complete understanding of the financial implications of organisational change & development.

#### Senior Planning Manager

- Senior Finance Professional, preferably ACMA, ACA or MBA with broad ranging, high level commercial experience, aged up to 35 years.
- Experienced in the development, implementation and review of budgeting, planning, forecasting and project management.
- Skilled in board reporting, operational review, systems development and implementation.
- Outstanding interpersonal skills, together with excellent communication and presentation skills, an
- ability to influence at all levels and the flexibility to adapt to new cultures. The capacity to take on the leadership of a high profile team.
- Financial Planning Analyst
- A Finance Professional, preferably ACA or ACMA.
- Experienced in high level financial analysis including trend and variance analyses.
- Budgeting, planning and forecasting experience.
- Investment appraisal, financial modelling and strong systems knowledge are preferable.
- The ability to develop and implement specific projects.
- Confident and ambitious, with excellent communication skills.

If you would like to find out more about these career opportunities, please send your curriculum vitae with a covering letter to Nicola Skentelbery at Martin Ward Anderson, 7 Savoy Court, Strand, London WC2R OEL or by fax on 0171 240 8818 quoting reference 55889. E-mail: info@mwa.co.uk. Alternatively telephone her on 0171 240 2233.

# ANDERSON -

MARTIN-WARD

Manager - EMEA Based London Package to £100k

Director - EMEA

Based London Package to £150k

PepsiCo is one of the world's most successful consumer products companies. With a turnover in excess of \$20 billion, the corporation is an international leader in beverages, and the world's largest producer of salty snack foods. Recently refocused on its food and drinks businesses, the

company continues to aggressively expand through a mixture of organic growth and acquisition

Exceptional strategic opportunities with a world class consumer goods company

# **Treasury/Corporate Finance**

Recent internal reorganisation has created the need for two exceptional individuals to join the International Corporate Finance department, based in London. The roles cover the Europe, Middle East and Africa region and will appeal to highly commercial ACAs, MBAs or financially orientated generalists.

Working within a high calibre professional function, the successful candidates will be responsible for managing the financing of a number of PepsiCo's international operations. Specifically this will include:

- » Working closely with operational management and area CEOs/FDs on major acquisition and - Constantly interacting with group Tax, Legal and Accounting functions in addition to external
- banks/advisors Evaluating, developing and funding major internal investments
- Strategically reviewing country operations and recommending structural changes where necessary
- · Working closely with divisions to increase profitability through improved efficiency in

For the Manager role, you will need at least 3-4 years' relevant experience in a major multinational corporation, with previous exposure to complex treasury functions. Probably aged between 28 and 35, you will have strong leadership and communication skills, as well as the ability to manage high-calibre cross functional teams on significant international projects.

At Director level, you will need to demonstrate all the above characteristics, with a detailed technical knowledge of blue chip treasury functions, and ideally experience of emerging markets. Probably aged 32-40, you will need the ability to build credibility at board level, and lead highly experienced teams.

For both positions, the rewards include an exceptional benefits package comprising attractive basic salary, high bonus, company car allowance, and generous share option scheme. Significant travel is a feature for both roles, as is the opportunity to develop a 'fast track' career in a highly

Interested applicants should write, enclosing a brief résumé quoting reference 8H4181, to our retained consultants, Brian Hamill or Robert Walker at Walker Hamill Executive Selection, 103-105 Jermyn Street, London SWIY 6EE. Tel: 0171 839 4444. Fax: 0171 839 5857. Any applications made direct to PepsiCo will be forwarded to Walker Hamill.





American worldwide manufacturer is recruiting for its European Shared Services Centre (\$1 billion):

### Manager **Accounts Receivable**

Attractive Package

**Paris** Reform the organisation around the new model of dealer

involcing and settlement processes. Maintain appropriate controls on the largest revenue

stream in the company. ◆ Control the integrity of dealer involces, statement and

cash applications of all European dealers.

◆ Lead and motivate 15 employees on the accounts receivable team, to deliver financial statements to tight **Ref JML19337** 

#### Manager **Accounts Payable**

**Attractive Package Paris** 

- Heavy involvement with implementation of new core
- financial systems to improve controls and discipline. Provide a full service disbursement for all sites in Europe
- to include proper accounting records, resolution of inquiries from vendors, plant and corporate personnel. Manage and develop a team of 35 members.

For these two positions, candidates should be qualified accountants, with 5-10 years experience with a major group, operating on all international basis. They must possess excellent leadership abilities. Experience of software implementation would be a

If you are interested, please send a curriculum vitae to Jean-Marie Lagalliardie, Michael Page Finance, 159 avenue Achille Peretti 92522 Neulity-sur-Seine cedex, France. http://www.mpfrance.com

Michael Page

ia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

## Head of Finance and Administration

CENTRAL LONDON

TO £50K + EXECUTIVE BENEFITS

Our client is an established and progressive trade association with revenues in excess of £3 million, and represents a dynamic and successful industry.

Due to an internal reorganisation, a new post of Head of Finance and Administration has been created. Reporting to the Chief Executive and working closely with the senior management team, you will be expected to be able to contribute at a strategic level as well as being accountable for the management of all day to day "back office" operations. The post is wide and varied and will require you to be both flexible and proactive. You will be directly responsible for providing the management board with financial advice and reporting as well as ensuring overall efficiency and effectiveness of all administration and IT.

You will be of graduate level and hold a professional business qualification. It is essential that you have had at least 5 years' experience of holding a senior finance and administrative management role ideally within a service based organisation. You will be computer literate, and have the technical experience of producing meaningful and commercial management information. You will exhibit excellent interpersonal and management skills, with the ability to communicate fluently at all levels both orally and in writing.

If you can demonstrate a professional and "hands on" approach to managing a small team and are committed to a "support service" ethic, then please write enclosing full personal and career details to: Suzanne Dobinson, Management Consultancy Division, Robson Rhodes, 186 City Road, London ECIV 2NU.



ROBSON RHODES

### PROJECT FINANCIAL MANAGER PHARMACEUTICALS

#### EXCELLENT PACKAGE

Our client is Astra, one of the most successful researchbased pharmaceutical companies in the world. The past decade has been a period of rapid growth for the company and significantly they have made a massive investme their research and development capability.

In the UK the R&D activity is based at Astra Charmwood, a division of Astra Pharmaceuticals Ltd., where over 1000 people are employed on a 50 acre purpose built science park.

Major investment has led to an increase in the number of scientific projects at various stages in the costly development phases, and Astra Charnwood now require a high calibre Financial Manager who will provide the project teams and site management with financial support and advice.

Reporting to the VP Finance, you will be responsible for information systems that facilitate the effective management of expenditure and resources across all projects in the pipeline. Key tasks will include the timely production of financial information, budgeting, forecasting, expenditure control and systems devel you will work closely with the Project Directors focusing ittention on costs and deployment of resources, assisting them to manage the complex finances as well as scientific activities in what are major expenditure programmes.

EAST MIDLANDS

You should be a qualified Accountant with a degree, preferably in science or technology, and five years plus t-qualification experience ideally gained in an R&D or project environment. Applicants from the pharmaceutical industry with an understanding of drug discovery and development, would be preferred. Equally important will be your style and personality. As well as sound technical skills we are looking for a confident and persuasive individual who will gain credibility and influence with the scientists, so good communication and interpersonal skills combined with a diplomatic approach are also important.

This is a key and highly visible role with a major pharmaceutical multinational offering exceptional long term career prospects for the right candidate.

If you are interested in this position please telephone Stuart Adamson FCA or Phillip Johns on 0113 245 1212, or send your CV in confidence quoting your current remuneration and reference number 5090 to us at Adamson & Partners, 10 Lisbon Square, Leeds, LS1 4LY. Fax number 0113 245 0902

#### **ADAMSON & PARTNERS**

INTERNATIONAL EXECUTIVE SEARCH & SELECTION

# FINANCE DIRECTOR

Commercial Role/International Joint Venture Substantial package + full expatriate benefits Our chent is a highly profitable UK-based substantial PLC with an annual turnover in excess of £1.0 billion employing over 10,000 staff. The company has had considerable success in developing its international operations in numerous countries world-wide; it is one of the leading players in its sector.

The Requirements

Frocuply agent octovern to and 30.
 Around 10 years' experience in a senior commercial/financial role, possibly working as a General Manager now having come up the finance route. Ideally with experience in an engineering-oriented service sector or utility. An accountancy qualification would be an oriented.

Working currently in a company or division of at least £100 million turpover with 500+ staff and a large customer base.

Our client has a majority shareholding in a very significant South East Asian joint venture which has 1300 staff, a capital expenditure programme of over £100 million during the next five years, and a rapidly expanding customer base.

A highly commercial Finance Director is a property of the programme of the pr

A highly commercial Finance Director is required to provide commercial support on a wide range of business issues in the joint venture. Reporting to the MD, and in charge of over 1000 staff initially, he/she should have the potential to take on a full general management role within the next 18 months. Outstanding career development opportunities exist for this individual, either at Group level in the UK or internationally. An excellent contract is offered with a first class expatrate package (including high quality housing/travel allowances, car, schooling etc.).

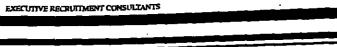
The Dole

#### The Role

- Developing a commercial and business strategy to Probably aged between 40 and 50.
   expand the company's customer base, secure research. from existing customers and deliver a good return on
- Developing, managing and delivering a new customer billing and collection system dealing with over 250,000
- accounts per month. Ensuring that appropriate systems are in place in the joint tenture to achieve performance targets and conform to corporate reporting systems and requirements. Highly advantageous to have lived and worked in a developing country.
- Monttoring financial management procedures in the joint venture and managing the capital expenditure
- Must have contributed to business strategy and planning, beyond a functional finance role, with strategic planning and implementation experience. Experience in managing financial reporting systems and implementing business critical IT systems dealing with large volumes of data. Contributing to the negotiation of the contract and adding value on commercial issues within the joint Useful to have had some business development and negotiation experience. Strong leadership and team building skills. Persistent. Determined. Culturally aware.
- working effectively as a team.

Please write in confidence with full CV, covering letter and salary details to Mr. R. Mitchell, Partner, The Perseus Partnership, Parallel House, 32 London Road, Guildford, Surrey GU1 2AB, UK. Fac: +44 (0)1483 894695. Closing date for applications: Monday, 20th April.

**PARTNERSHIP** THE PERSEUS



Experience of managing a team of at least 30 staff.



#### BARCLAYS PRIVATE BANKING

Proactive Compliance Specialist

London

£.competitive

Barclays Private Banking is a rapidly expanding global business with US\$30 billion in assets under management and representation in 24 locations. The Bank supports an international client base through providing ctionary investment management, execution and custody, trust, tax, advisory and banking service This new senior role will oversee all compliance matters relating to private banking investment products and services world wide. The position's global remit reflects the Bank's commitment to the origination of new investment products

and services attractive to wealthy investors and the provision of technical support across the network. Intellectually able, the appointee will relish contributing to new product development. To be effective, candidates should have experience of fund management, derivatives and structured products within an international context. Currently working for a regulatory body, investment bank, fund manager or private bank, the post holder will require a knowledge of the regulatory environment relating to individual investors and their related entities.

If you have the appropriate skills and the potential for further development, please send your CV to Susan Milford or Gemma Jenkin at Ernst & Young Search & Selection, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, or fax 0171 931 1022 or e-mail: smilford@cc.ernsty.co.uk quoting ref SM213. Alternatively contact either consultant on 0171 931 2967.

will bridge the incompatibility and coverage gaps of

the world, at the touch of a button, using 10 state

on the planet. Our project has so much potential

telecoms and technology companies in 51 markets,

who have to date committed to invest over \$2 billion

With regional offices already established throughout

(ACA, CPA, 5+ years PQE) with plenty of international

the world, we are seeking a top flight accountant

experience in a multinational organisation.

that it has already been backed by 59 leading

of the art satellites to link people anytime, anywhere

#### Appointments Advertising

appears in the UK edition every Wednesday &

Thursday and in the International edition every Friday.

For information on advertising in this section please call

Keeley Pope on 0171 873 4006

Karl Loynton on 0171 873 3694

**Mark Williams** 0171 873 4095

Financial Times

## **Expanding Global Mobile**

#### Group Reporting Accountant

£Excellent

+ bonus + benefits



At ICO Global Communications we're taking mobile You will also have a detailed working knowledge communications technology to a new level. Our system of US GAAP and listed company regulations

Telecommunications Organisation

 Developing group financial accounting and reporting systems

This is a key post that will involve:

- Establishing global financial requirements, priorities and deadlines
- Preparation of statutory financial statements for
- subsidiaries and the group Overseeing compliance with statutory regulations
- throughout the world
- Maintenance of loan and inter company books according to company structure

The challenges in this role are unique and diverse, and will appeal to an ambitious talented finance professional looking to further a career with a truly global company.

Please send your full CV and current salary details quoting reference no JJ005/FT to: The Resourcing Centre, ICO Global Communications, 1 Queen Caroline Street, Hammersmith, London W6 9BN; fax: 0181 600 0660, email: recrujt@ico.com, visit us on the Internet at http://www.ico.com

The Russian Federal Commission for Securities Markets (FCSM) has received a loan from the International Bank for Reconstruction and Development for a Capital Market Development project and intends to apply part of the proceeds of this loan for consultancy services. The objectives of the project are to: (i) develop a comprehensive policy and legal framework for capital market development in the Russian Federation, (ii) strengthen institutional capacity of the Federal Commission for regulation of the securities market, and (iii) improve the efficiency, transparency and stability of market architecture (trading, clearance, settlement, and

The Center for Capital Market Development (CCMD) - the project implementing agency for the PCSM is seeking expressions of interest from qualified and experienced individuals for four Program Coordinator positions and eight Technical Advisor positions for its Moscow-based operations. The Program Coordinators will lead the project implementation efforts in their respective area supported by the Technical Advisors. In addition to the specific requirements of each position, successful candidates should have senior level program coordination, management and communication skills, and be computer literate. Pluency in English and competent knowledge of Russian would be an additional preferred asset.

Program Coordinator for Institutionalization

In addition to a high level degree in the relevant field of management, economics, engineering, organizational psychology, specific experience, preferably in transition economies, in coordinating a team of fessionals in capacity building, including institutional development, information systems development and training, will be required.

Program Coordinator for Regulatory Infrastructure Projects

In addition to a higher level degree in the relevant field of finance, securities law or economics, specific experience, preferably in transition economics, in coordinating a team of professionals in (i) developing securities market infrastructure emities like market monitoring, SROs and centralized depository, clearing and settlements system, standardizing licensing procedures, and training programs for market participants; and (ii) reviewing and developing new issue prospectus and ongoing financial and corporate disclosure and reporting standards, and establishing a database of all such disclosure statements, will be required.

Program Coordinator for Enforcement and Licensing

In addition to a higher level degree in the relevant field of securities law, specific experience, preferably in transition economics, in coordinating a team of professionals in developing legislation to strengthen regulations and operating procedures in the area of enforcement and licensing in the securities market, will - 1 and the production of the same of the same

Program Coordinator for Accounting, Auditing, and Taxation

In addition to a higher level degree in the relevant field of accounting, auditing and taxation, specific experience, preferably in transition economies, in coordinating a team of professionals in reviewing and developing legislation and procedural framework necessary for Russian entities to be able to move to International Accounting Standards, program for certification of accountants in IAS, introduction of International Auditing Standards, and the relevant capital market related taxation issues.

The Program Coordinators will be supported by similarly qualified Technical Advisors for the following areas:

- Legal Issues related to capital markets (2 vacancies)
- Training of Regulators
- Communications and Public Affairs Clearing and Settlement
- Strengthening of Self Regulatory Organizations
- Corporate Information Disclosure

Duration of the above engagements will vary, but in most cases will be about three years, beginning ideally in May-June 1998. Consultants who are interested in obtaining more information on this recruitment can do so by contacting CCMD staff at:

PHONE: (7-095) 298-5353 FAX: (7-095) 298-5807 EMAIL: mparastaeva@lrp.glasnet.ru

Candidates interested in applying for a position should write to the CCMD, specifying the particular assignment for which they are qualified, and include a Curriculum Vitae explaining their education and experience related to the position, salary history, expected fees, and at least three references who are familiar with their work within the field. Expressions of interest with accompanying materials should be submitted in scaled envelopes stating "Advertisement for Expressions of Interest - CMDP" on the outside. Your letter must be received at the following address no later than April 30, 1998 to be eligible for consideration:

> Center for Capital Market Development 109028 Moscow, Russia Yauzsky Boulevard, 10 Attn.: Maria Parastaeva, Procurement Officer

Please note: Following the closing dates indicated above, you are requested to refrain from personal or rease note: renowing the closing was for the control of the contro evaluated, and, if their qualifications are adequate, the highest rated applicants may be invited for interviews.

#### INTERNATIONAL CORPORATE AUDIT

ACA/CIMA/MBA

£30-35k + benefits + fx car

GKN is a global industrial company with annual sales of more than £3 billion and operations in around 40 countries. Its highly successful market-leading businesses include GKN Automotive, supplying driveline units for many of the world's front-wheel drive cars. Westland Helicopters - whose order book currently stands at £3.8 billion - and a major international logistics operation. Profits in 1997 rose 12% to £406 million and the company is committed to an ambidous growth strategy.

Covering every aspect of the company's global operations, the Corporate Audit team plays a crucial role in this high-growth environment. A key entry-point to a financial management career within the group, the team's brief is to identify areas of potential risk and opportunities to add real value. Looking at a variety of operational and financial issues, assignments range from overall improvement of operational controls, through analysis of product costings and margins, to treasury, transactions and inventory

Candidates should have 3-5 years' experience in the finance function of a major international organisation or a professional firm and a recognised rance qualification. Excellent communication skills are essential, with the confidence to work effectively with colleagues worldwide. Fluency in English and a working knowledge of a second language - ideally Spanish or Italian - is also important

Based at GRN's Head Office in the West Midlands, auditors travel extensively, developing detailed business knowledge which enables them to move into a line management role after around two years in the team. Future opportunities for career development are excellent: former auditors occupy a number of senior management positions

To apply, please post or fax your CV, including salary details and quoting ref: 252, to Alderwick Consulting at the address below. Fax. (+44) 171 242 3560. For more information, telephone (+44) 171 242 9191 (weekdays), (+44) 966 119056 or (+44) 1480 477437 (evenings and weekends).



SEARCH & SELECTION 95 FETTER LANE, LONDON EC4A 1EP. TELEPHONE: (+44) 171-242 9191 FAX: (+44) 171-242 9560

## **Finance Director** Manufacturing

The Person

Salary c £50K + Bonus + Benefits

Glasgow area

Our client is a £26M turnover subsidiary of a \$200M division within a large manufacturing group. This highly successful subsidiary has played a major role in enabling the division to achieve a 400% increase in profit over the last three years. The long term future will be equally successful due to a £100M divisional investment which commenced in 1996

The Company

- . Following a £13M investment the company now exports 40% of its products A stand-alone company, part of a
- dynamic group Committed to ISO9002 and TOM
- Highly focused management team 24-hour production.
- The Role Profit and loss responsibility for
- Empowered to impact upon every area of Leading the finance team
- Reporting directly to the Managing Director Would suit someone who sees their future career in general management
- Currently an FD or equivalent with a minimum of three years' experience in manufacturing Fully qualified with outstanding commercial acumen and good IT skills
- A hands-on manager who enjoys being highly visible Outstanding communication and leadership
- An independent thinker with high energy levels in return for your commitment and expertise our client is able to offer an outstanding remuneration and benefits package including

company car, bonus scheme, executive

healthcare and pension scheme. To apply for this position please write or e-mail with CV showing current salary to: Jane Petty, Hanover Resources, 1 Hanover Court, Adstock, Bucks MK18 2JW E-mail: han\_res@compuserve.com

Hanover Resources Human Resources Consultancy



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# **GROUP FINANCIAL CONTROLLER**

Pirtek (Europe) Ltd., is the holding company of a group of five trading subsidiaries based in the UK, Germany, France and The Netherlands, Originating in Australia, the European company has expanded rapidly over the last 10 years and has ambitious plans to develop throughout Continental Europe. The business is involved in providing a bose replacement service to a wide range of industrial users through franchised depots. It was awarded The British Franchise of the Year Award in 1997.

The Company now is looking to appoint a young qualified accountant to the new position of Group Financial Controller. He/She should have experience of consolidating groups of European company results and dealing with foreign exchange transactions

Responsibilities will include the preparation of budgets, annual accounts production of monthly consolidated management accounts from the records of subsidiaries of various sizes and levels of accounting sophistication. Cashflow forecasting and control is a key element of the job. There will be the need to introduce new systems to cope with the Group's expansion plans and some European travel will be involved.

Please send a full C.V. with details of current renumeration package to:

The Group Financial Director PIRTEK (EUROPE) LTD 36 Acton Park Estate, The Vale, Acton, London W3 7QE

## european finance professionals

frankfurt area. germany

DM 90-120,000+ bonus & benefits

**GMAC** 

Pricing of all new business/setting of fee levels;

Cost control/business efficiencies.

This is a highly visible role within a fost moving environment which will require a Qualified Accountant with 2/4 years' post qualifying experience.

The key to your success will be your

and Senior Management throughout the Group. In addition you must have first

This newly created role represents an exciting opportunity to join a dynamic agency where you can make an impact and be part of the future success and growth of the business.

ability to cultivate strong working relationships within the Finance Tea

GMAC, the financial services and leasing subsidiary of General Motors, is one of the largest and most successful financial Institutions in the world. It operates in 31 countries outside the US, 18 countries in Europe and has a balance sheet of over \$100 billion. A global industry leader, it has aggressive international expansion plans, central to which is the development of a European Financial Reporting function in the Frankfurt area. We are looking for flexible, mobile professionals to join this team. Opportunities for career progression exist in both finance and systems throughout the world-wide operations.

#### Financial Reporting Analyst

Key responsibilities: Financial Support for 18 European Key responsibilities: After an initial training period in SAP/R3 Countries, US GAAP consolidations, European bank reporting, statutory reporting for European entities, training European

Skills needed: Accounting/Finance degree or professional qualification, technical accounting knowledge (IAS/GAAP). European reporting experience, PC spreadsheet literacy, business standard English. Ref:0708

and desire to travel. Ref:0795

you will join the implementation team travelling circa 80% to

European locations (weekend travel not required) and help train

Skills needed: Good knowledge of accounting, strong IT skills

German language not required for either role.

IT Reporting Specialists

We are also seeking international auditors and tax professionals with 3-5 years public practice accounting or commercial experience for the UK and Europe.

Please fax CV quoting reference to Fam Williams, Vineyard House, 13-15 Vine Hill, London EC1R 5FW Fax: (44) 171 837 0001 Tel: (44) 171 309 0300 Any CV's sent directly to GMAC will be forwarded to Farn Williams.

Candidate Profile:

Web site: www.farnwilliams.co.uk Email: farnwilliams@dial.pipex.com

## **GROUP** FINANCIAL CONTROLLER

London

c. £40-45,000

Carlson

Responsibilities include: Budget/larget setting; Forecasting and financial/variance

Your remit will be to move the finance department "up a gear" and provide support to the Finance Director and the Managing Directors at each

Corlson Marketing Group is recognised as one of the world's largest and longest established providers of marketing services.

14 cities, giving coverage of 16 primary European markets.

With annual turnover in the UK in excess of £50 million, Carlson has

grown organically and by acquisition

and now employs over 400 people spread across 4 locations. The

customer loyolly programmes. Carlsc is unique in its ability to provide its clients with every loyolly service in-house from front and creative

principal activity of the company is the provision of direct marketing, soles promotion, design services and

In Europe, Carlson Morketing Group is represented through wholly owned subsidiaries and licensed partners in

, ice with acquisitions;

Please forward year CV, including your current removeration details, to our retained consultant Triston Ramus at Harrison Willis, Cardinal House, 39/40 Albemarie Street, Landon WIX AND. Alternatively The company now has a requirement for a key recruit to join as the Group Financial Controller. indon WTX 4ND. Alti contact him on 0171 344 5163. Fax: 0171 493 6107.

> HARRISON **WILLIS**

Analysis, interpretation and explanation of financial information; enting at monthly Directors

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## **FINANCE** DIRECTOR (DESIGNATE)

**Rural West** Midlands

c. £40,000 + Car

"An exceptional greenfield opportunity for a self-starter to influence the commerical direction of this major FMCG business."

A £multi-billion enterprise with operations throughout the British Isles, Europe and the USA, this food sector client is able to provide substantial career advancement for a qualified accountant who can demonstrate business flair,

change management experience and an operational bias. As a result of the merger of two businesses, this newly created position offers tremendous scope for the realisation of your true potential.

Reporting to the Group Board and the local MD, your initial remit will be to assess the strengths and weaknesses of the merging businesses, to identify key performance indicators and implement a project led business plan to

focus on commercial opportunities and systems

The ideal candidate will be commercial and creative with experience of working within an FMCG/food manufacturing environment, with a genuine passion for performance improvement and people development.

career move, contact Russell Tuck on 0121 633 0010 or write to him at Harrison Willis, Grosvenor House, Bennetts Hill, Birmingham B2 5RS. Closing date for applications is 2 April 1998. E-mail;

To apply for this challenging

stephenrandall@hwgroup.com Internet: www.hwgroup.com

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Director

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INVESTOR IN PROPIE

#### FINANCIAL CONTROLLER

£30,000 - £35,000

Our client, a multi-million turnover toy and music company requires an experienced, commercially astute, profes

You will assume full responsibility for overall financial matters, UK and foreign treasury control, management reporting and analysis. Successful performance will create a platform for you to absorb the additional responsibilities associated with managing the finances of a fast moving, highly competitive, international business. You will be a qualified accountant, with well-developed systems and hands on skills. Personal attributes will include good

communication and team playing skills plus a level of drive and determination to be effective in a demanding environment.

To apply, please write with a full CV and details of current salary to: Julie Allen, Morgan Connect Limited, 82 St John Street, London ECIM 4JN



## **HEAD OF FINANCE**

NORTH WEST FRANCHISE

Epsom, Surrey

Preston

c. £65,000 + Car. Bonus,

west Communications pic is the UK's leading provider of cable telephone and television services, employing over 5,000 people throughout the country, with an innovative and expanding £90m turnover franchise in the North West. This franchise now seeks a Head of Finance whose commercial instinct and awareness will be central to the achievement of the superb opportunities which exist in consumer and business communications.

take full board responsibility for finance, together with facilities and materials management, leading a large team to the highest standards of performance. Proactively influence profit replanting change throughout this customer focused business. Develop financial controls and reporting systems to support business growth.

#### **OUALIFICATIONS**

Qualified accountant, probably aged 30 to 40. Proven track record of achievement and impact in a growing service or retail environment. Excellent communicator, able to influence at all fevels of the organisation. Pragmatic, combining strategic vision with a "hands on" attitude. Innovative, motivational, agent of change.

Robinson Keane

Please send full Curriculum Vitae to Robinson Keane, Denzell House Dunham Road, Bowdon, Cheshire, WA14 4QE quoting Reference RK 1904. Telephone 0161 929 9105

### **Chief Accountant**

- Central London
- £60K + Bonus and benefits

Our client is a leading securities house and investment bank with a major presence in all the world's principal capital and financial markets. The company is active in the underwriting, trading, brokerage, research and asset management businesses. In London it provides a full range of brokerage and investment banking services in the equity, bond and derivative markets, together with research and corporate finance advice for offices and clients in Europe and the Middle East.

Our client now wishes to recruit the equivalent of a Chief Accountant to report to the Head of Finance and be responsible for delivering cost effective management and financial information to senior management for the organisation via a team of 12 staff. This includes planning, management and financial reporting and statutory reporting.

The ideal candidate will be a high calibre graduate accountant (ACA) with a minimum of four years' experience in an investment bank/securities house, will have a good knowledge of the relevant accounting standards and be able to understand and control complex structural trades. IT skills and the ability to manage the development and implementation of improved computer systems is also very important. The role is "hands on" as well as having a strong team involvement and the chosen individual will have a high level of commitment and the ability to motivate others.

Interested candidates are requested to send comprehensive CVs and salary details, quoting reference N1963 to: Tony Saw, KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

#### **Finance Director**

six-figure package

We are innovating, changing, focusing on success and introducing the skills and experience of commercial management into our As a growing practice, we're committed to developing and learning how to become even more successful. We are also a law firm who is small enough to know everyone but large enough to be a major player in our strategic markets. An exceptional Finance Director is now sought to complete our strong manage

acid significent benefit to the partnership through

- the innovative but practical use of information revolutionise the way information is used to support the full range of business decisions from the sales to delivery activities, including product development, product profitability and life cycle management
- lead the finance function to ensure strong management of profitability and cash flow, always developing and implementing process improvements support the firm through significant restructuring and alignment as it develops and implements new ways
- The person we have a young profile - you must have a progressive attitude · we want results - you must be focused on delivering tangible benefits
- we are sector leaders you will be successful, creative, persuasive, energetic and team-orientated - a natural leader like us we understand our clients' needs - you will understand and relate to the unique differences of a partnership structure - you will
  - we are professionals who deliver quality you will be professionally
  - qualified (FCA, FCMA) with high-quality, relevant experience we need accurate and timely information to make better decisions. you will have identified business information needs in other compenies. implementing supporting systems using technology creatively.

of working to ensure continued growth and success. Please write to our advising consultant, enclosing your cv, outlining current remuneration and addressing each of the points above, to Yolande Leroy-Evens, Executive Search and Selection, Ref. 001S/YLE/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR. Tet: 0171-730 9000. Closing date for receipt of applications: 9th April 1998.

PAConsulting Group

#### West Sussex

Our client is a leading provider of specialist financial services catering to a market with potential for extensive growth. With top quality products and international backing they are putting in place ambitious expansion plans and are seeking to develop their Finance Department

A key appointment in this process will be that of Management Accountant. Reporting to the Chief Financial Officer this is a classic management accounting role. Utilising existing systems, you will develop the monthly financial reports to incorporate portfolio trend analysis and key business performance ratios. The role will include full accountability for annual budgets and quarterly forecasts, and three year financial plans will need to be instigated, linked to a wider business plan. You will also be involved in the development of new product lines, product pricing and potential portfolio acquisitions. You will deputise for

e-mall: info@morganbanks.co.uk

£35,000

the Chief Financial Officer and will assist in formulating and supporting key strategic decisions.

You will be a qualified accountant with a minimum of two years' post-qualification experience preferably within a financial services environment. You must have experience in contributing to key business decisions and the ability to negotiate with staff at all levels. A flexible and adaptable outlook is a pre-requisite and you will be a highly articulate, persuasive decision maker with a resilient and hands on approach.

This is an outstanding opportunity to make a real difference to a growing and ambitious organisation. For further information please send a full résumé to Steve Williams, quoting reference 2868/58 at Morgan & Banks P.C., Brettenham House, Lancaster Place, London WCZE 7EN. Fax mimber 0171 240 1052

http://www.morganbanks.com.au

## Plumbed in to success

James Harding finds American Standard's experiences have wider lessons for other investors in this exacting market

per cent last year," says sizeable profits. Horace Whittlesey, gen Last year ope eral manager in China of American Standard, the most prodi- (£63m), achieving profits estigious foreign manufacturer of mated to be worth more than 15 toilets in the Chinese market. "If per cent of turnover. Of the seven we grow by 60 per cent again as We expect this year, then we're rate companies under the Amerigonna be as happy as pigs in" -

he smiles - "well, you know." ing the last year, a handful of companies - including Whirlpool, the US white goods maker, Peugeot, the French car manufacturer and Caterpillar, the US machinery group - have had to close factories or scale down their manufacturing businesses in the face of disappointing demand and difficult operating conditions in mainland China.

Others, such as Kimberly-Clark, the US paper products group, are involved in legal wraneconomy. And, many, many more have had to come to terms with a performance that has fallen well short of their original expectations for the 1.2bn-person market.

But American Standard's plumbing business, which produces bathroom fittings, baths. basins, toilets and "a very few bidets" in seven factories across

"Our business grew by 60 China, has started churning out

Last year operations in China generated sales of roughly \$100m factories, all established as sepacan Standard umbrella, Mr Whittlesey says: "Three companies There are foreign investors in are minting money, three have China who are not smiling. Dur- good earnings performance, and one is having a slight struggle." By 2003 he expects to have tripled

After more than five years in China, Mr Whittlesey's credo seems to be persistence. The words "Never, never quit" are inscribed on the pet rock that sits beside him at American Standard's China headquarters in Shanghai, "China can be a frustrating place, so have an enormous store of patience and persevere," he says by way of advice gles in China's infant market to foreign entrants to the China market

turnover to \$300m.

American Standard's push into China offers further tips to the would-be investor in the Middle Kingdom. The company started manufacturing in China, it estab-

lished a small, joint venture fac- to about 55 per cent. tory in southern China. But the market for high-end

bathroom products only took off in the early 1990s with the boom in new buildings. By 1993, American Standard's sales into China from plants and distributors in the US, South Korea, Hong Kong and south-east Asia amounted to

American Standard had a feel for the market, says Mr Whittle-"We had a foot in the door. We had organisation and people on the ground selling in China."

However, there was no organtion and it became clear to the company that it could not build its business in China without you've got the wrong stocks on officials. the high seas."

In 1993 and 1994 American Standard set up another six manufacturing operations in different parts of China. But while the company multiplied its output in China, it did so with limited financial risk to American Standard in the US, the parent company. By a private placement arranged by Peregrine, the former investment bank based in Hong Kong, roughly 70 per cent its stake in its China operations

Mr Whittlesey thinks American Standard has done three things well in China: distribution: product development; and management of organisation and people. American Standard has identified what he calls "good local wholesalers" to act as a network of authorised distributors and has channelled all business

through them. "We cannot do promotion and sales to every customer in China. You have to let the local people do it," says Mr Whittlesey.

He does not make too much of ised system of sales and distribu- a fuss about guanzi - the "connections" with Chinese officialdom that some foreign business people see as critical to success production facilities there. "You in a one-party state. "You don't can't service China from the US. need any enemies," he acknowl-If you are outside China, you are edges, but sees little reason to holding the wrong stocks or spend heavily on courting local

As important as distribution is tailoring the product to suit the Chinese market. In American Standard's case, this has meant altering the specifications of their sit-down toilets so that they can be installed in the space once occupied by squat toilets. It has also involved producing an upmarket glazed porcelain squat toilet under its own brand, described by Mr Whittlesey as the "Rolls Royce" of squats. Most of the 60 per cent growth in business last year came from products made exclusively for the Chinese market, he says.

American Standard has had its problems. Manufacturing joint ventures caused headaches. Only one of its seven factories in China is wholly owned by American Standard, the rest are joint ventures. But in retrospect, he believes they would rather have set up all their businesses as wholly owned foreign enterprises. "Some of the people we had to absorb were not the ideal people we wanted to start out with. Some of the JVs we had to take over had old buildings we then had to raze to the ground. Some local partners can be helpful and very influential, but if they want to help fix your problems, they often fix them at a higher cost than you could fix not going to be messed with".

them yourself," he explains. The biggest frustration has been intellectual property rights violations - fighting fakes. Slowly, American Standard is making progress against the producers of counterfeit bathroom products that carry its brand. During the past few years they have been conducting a couple of raids a month. Recently one repeat offender was sentenced to five years in jail, which Mr Whittlesey hopes will send the mes-

Like so many investors in next challenges, Mr Whittlesey had to temper its enthusiasm for the ultimate massmarket. In the long term, the Chinese are converting from squat toilets to sitdown lavatories, which is good news for American Standard. But in the meantime, "rural China [population approximately 800m] still squats, many of them in the paddies". And 85 per cent of the toilet market is low-quality, lowcost local products which compete well below American Stan-

China, American Standard has says, is to break into that "economy" segment of the market.

FINANCIAL TIMES FRIDAY MARCH 28

Even the top end of the market has grown a little more slowly than American Standard bullishly hoped a few years ago. Notwithstanding the rapid rise in sales, Mr Whittlesey says: "We are a year and a half behind the growth expected five years ago: That's our reality check."

This is part of a continuing series on doing business in emerging dard's price point. One of the economies.

#### selling its products - largely of the investment was provided baths and loos to five-star hotels - in China in the early 1980s. In by outside investors. Over time 1984, to dip a toe in the water of American Standard has increased

 Do be careful in choosing your investment vehicle - be aware of the risks as well as the rewards of joint venture manufacture and ensure satisfactory levels of control in the business.

 Do be aware of regional markets - China is not one market, but a continent where regional markets and investment conditions differ. Do invest in distribution – for

consumer goods businesses, getting the product to the customer has proved the biggest headache.Do the research into the competition - China may look like a

Petrol Ofisi A:Ş. (POAŞ) is the leading

distributor of petroleum fuel products

and the leading blender and distributor

An exceptional investment in a country of unmarched

potential. Turkey is a stable secular democracy. With a strong

economy and one of the world's fastest growing exchanges

of lubricants and greases in Turkey.

the Istanbul Stock Exchange,

Turkey increasingly aftracts

big market, but international brands and the growing number of low-cost local competitors mean that many sectors are heavily oversupplied. Do be flexible, patient and

FIRST PRINCIPLES FOR SETTING UP A BUSINESS IN THE MIDDLE KINGDOM

arsistent – as one sage once said: You shouldn't have come, comrade, if you can't take a joke." ● Don't expect quick returns - a

few businesses make profits in a very short space of time, but for most, China is a long-term play. Don't overestimate the market don't succumb to the hype of the 1.2bn-person market, for the number with a disposable income is closer

**CONTRACTS & TENDERS** 

to 350m and only a fraction of those can probably afford your product. Don't hurry to find the right

people - once established in China. training and then keeping the best people is what makes or breaks businesses in the long-term. Don't rely on the rule of law -

and don't rule out sudden changes to the legal situation. Don't be put off ~ China is a country where nothing is immediately available, but anything is ultimately

Turkey recently privatized over

and is slated to privatize

With solid legal foundations and full public support, the new

Discover Turkey and investments whose returns will exceed

program is off to a high-octane start: Petrol Ofisi A.Ş.

\$4 billion US of state-owned assets

telecommunications, petroleum, iron

and steel, electric power and finance.

your expectations. Let the Turkish

Privatization Administration guide

**TECHNOLOGY** TEXTILE QUALITY CONTROL

sage "that American Standard is

## Fault finding picks up pace

Slow spotting of flaws by the human eye seems on borrowed time, says Peter Marsh

Swiss mechanical ingenuity and US microchip expertise may have cracked one of the toughest technical problems in the world textile industry. emerges at high speed from operation. eaving or knitting machines.

To date the complexity of the job has been too much for all but the most high-powered technology researchers, which is why the task has up to now been done almost completely with 0.3mm, found in several

the human eye. But a dogged, 15-year be producing results.

The company is about to and Austria. start trials with one of the world's first machines capable of scanning by image processing equipment rolls of cloth up to 2m wide travelling at up to 120m a minute. The system is said to be able to spot tiny flaws that might annoy consumers or industrial buyers when the cloth is made into a dress or

set of curtains later. array of microprocessors system. And as the job is developed by Adaptive Soluvery monotonous, defects tions, an Oregon-based com-puting business. The equip-chasers and adding to probment is claimed to work at lems in ensuring that inforup to 1,000 times the speed of mation about quality defects a conventional Pentium is fed immediately back to microprocessor found in a the production process.

desk-top computer.

Zellweger says the system will be much easier to use than other image processing hardware that has made its way into textile factories. The task concerns checking but which often has been too for flaws in fabric as it complex for straightforward By nove

> kinds of flaw to look for by feeding it a library of common defects, each with dimensions of no more than

cloth patterns. Zellweger hopes from next effort by Zellweger Luwa, a year to sell up to 50 of its kinds of flaw leading Swiss manufacturer machines annually, assumof electronic instrumenta- ing the system passes secret tion for textiles, appears to trials in weaving mills in Germany, Italy, Switzerland

> The Swiss company's system will hardly be cheap at about SFr500,000 (\$336,000). But for textile companies the. equipment may offer big benefits by automating an important part of qualitycontrol processes.

At present, inspection is mainly by teams watching fabric rolls unwinding at 10-20m a minute. That is much It relies on a powerful slower than the Zellweger

Leunenberger, a Zellweger researcher, examined micro-

But Mr Leunenberger, in another job at the Swiss Fedgovernment research niques, the company says organisation, did not lose operators will be able to interest. He began to explore "teach" the machine what more powerful software algo-

> Operators will be able to 'teach' the machine what to look for

rithms for cracking the problem, aided by ideas in "neu-ral networks" - ways of organising microchips so chips work at processing the cloth. tasks in parallel in a manner comparable to the brain. Inspired by machinery

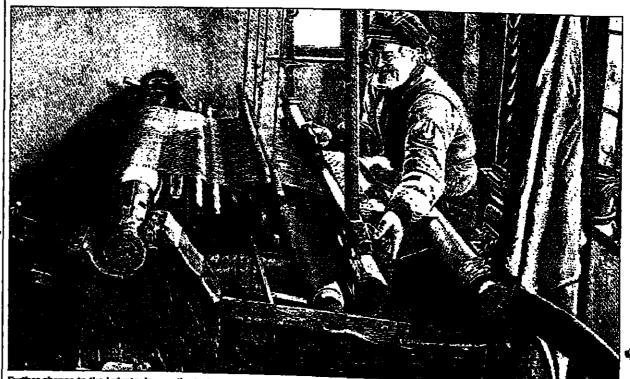
used by the Swiss post office to "read" handwriting on envelopes - a particularly tough conundrum in image processing - Mr Leunenberger developed ideas in neutions. Zellweger kept its connection with its former and struck up an informal Solutions.

Development started in The US company has the early 1980s when Rolf developed "superchips" for this application, each with up to the equivalent of 64 processor-based camera conventional microprocessystems. Even the best sors on a single silicon slice. microchips were then not up The "superchips" are bunto the job, so Zellweger dled together to make an dropped the research in 1990. array of some 512 microprocessors working in parallel.

At the federal institute Mr eral Institute of Technology. Leunenberger met Jürg Uhlentist, whom Zellweger has hired to head an image processing project that has brought the ideas close to commercial fruition.

Fitted with high-speed cameras bought from Dalsa, a Canadian company special ising in sophisticated image processing, Zellweger's machines will be "taught" to recognise flaws by being presented with common pattern faults unique to a specific material. The system will be flexible enough to be switched over to "look" for different faults depending on

As to the likely market for the machines, about two thirds of the world's 20,000 weaving mills are in Asia, where the old fashioned human method of cloth inspection is likely to remain for some time. But textile makers in North America ral networks, helped by the and Europe are a different link with Adaptive Solu- matter. Zellweger is expected to aim its system at hig producers such as Milliken, researcher, whom it Parkdale and Burlington in employed as a consultant, the US and Hof in Germany. the US and Hof in Germany. It believes they may buy a partnership with Adaptive machine that may improve competitiveness hugely.



Further change to the industry looms: the technology has outstripped the human eye

Privatization Announcement of Petrol Ofisi A.Ş. (POAŞ)

Within the framework of Law No. 4046, The Republic of Turkey, Prime Ministry, Privatization Administration (the "PA"), announces the commencement of the privatization process of POAŞ, Turkey's major petroleum products distribution company. Currently, approximately 93.3 % of the shares of POAŞ are owned by PA; the remaining shares are traded on the Istanbul Stock Exchange. The PA hereby announces its intention to privatize 51 % of the shares of POAS through a block sale. Chase Manhattan pic and Dresdner Kleinwort Benson are the financial advisors to PA in connection with this transaction

A Milestone in

Turkish Privatization

Company Whose	Paid-In Capital Of	Percentage Of The	Amount Of Bid Bond
Shares Are Being Offered	The Company (TL)	Shares Being Offered	To Be Required (US\$)
Petrol Ofisi A.Ş.	7,000,000,000,000 TL	51 %	\$ 10,000,000
•	(Seven trillion)	via block sale	(Ten million)

1. The Sale Tender will be carried out on the basis of negotiations after the receipt of bids in sealed envelopes. To participate in the bidding process, bidders are required to deliver a duly executed Confidentiality Agreement and obtained the Tender Specifications and the Confidential Informatic Memorandism as further set forth below.

2. A Confidential Information Memorandum pertaining to the Company, and the Tender Specifications setting forth further information about the tender process, may be obtained by interested bidders from the PA beginning March 23, 1998, upon delivering to the PA a duly executed confidentiality Agreement in a form acceptable to the PA and paying to the PA a non-refundable fee of US\$ 10,000 (to Account No. 30103-39387.7 at T.C. Ziraat Bank, Central Branch) or the equivalent in Turkish Lira, which shall be calculated according to the Currency sale exchange rate of the Turkish Central Branch as of the date of payment (to Account No. 304470-3085.3 at T.C. Ziraat Bank, Central Branch). The bank receipt evidencing such deposit and stating the name of the legal and real entities participating in the tender shall be presented to the PA at the time of delivering the required Confidentiality Agreement duly executed. The form of the required Confidentiality Agreement can be obtained from the PA at the address set forth below beginning on March 18, 1998.

3. Bids shall be prepared in accordance with the instructions that will be set forth in the Tender Specifications and shall be submitted in a sealed envelope labelled "BID FOR POAS-Petrol Offisi A.S.-Confidential" which shall be delivered to the PA by hand at the address stated below not later than 5:00 pm Ankara time on May 7, 1998. Bids received after the foregoing bid deadline shall be excluded from the bidding process. A US\$ 10,000,000 (ten million) will be required to be submitted by bidders as part of their bid packages. A short list of bidders may be selected

from bidders submitting bids. Bidders selected for the short list may be required to increase the amount of their bid bond. Law No. 4046 provides that, at the option of the Tender Commission, the sale may be finalized through an auction attended by bidders selected to participate in the negotiations. Bidders participating in the bidding process will be notified of other matters at each stage of the tender.

4. The PA is not subject to State Tender Law No. 2886 and reserves the right in its sole discretion to proceed or not to proceed with the blidding process, to award the contract to any person or entity in its own discretion, and to amend any bidding deadlines or other bidding requirements.

Apart from this tender, the PA also reserves the right to sell any or all of the balance of the shares of POAS that it owns at any time in a further block sale or sales, by public offer or offers in the domestic markets and/or international capital markets, and/or by sale to Company employees and/or in the Istanbul Stock Exchange on the hasis of rules and regulations of Istanbul Stock Exchange. The sale of shares of the Company to parties domiciled abroad is subject to the existing laws and regulations regarding foreign capital, copies of which can be obtained from the Undersecretariat of Treasury, General Directorare of Foreign Investment.



REPUBLIC OF TURKEY PRIME MINISTRY PRIVATIZATION **ADMINISTRATION** 

Hüseyin Rahmi Gürpmar Sokak No. 2 Çankaya 06680 ANKARA/TURKEY Phone: (90-312) 441 15 69 or 440 51 68 Fax: (90-312) 440 32 71 e mail: bolb@tr-net.net.tr.

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# Exercise in high-energy narcissism

DANCE

SOPHIE CONSTANTI

We Set Out Early BIL T. Jones/Arnie Zane Dance Company

After the hype and controversy which accompanied Bill T. Jones's victim art roadshow, Still/Here, back in 1994 the choreographer's recent full length work, given its European premiere at the Peacock Theatre, comes as a relatively bland and inoffensive package. Within the tolerably dull 70 minutes of We Set Out Early . . . Visibility was Poor, there is little to enrage or appal the viewer apart from the tedium and deficiencies of Jones's choreography and, of course, his habitual exploitation of life's larger themes.

As usual. Jones's exploration of social issues here is skin deep, forming a kind of conceptual gloss which. ironically, highlights the work's superficiality.

truth of memory, the desire for logic and the nature of interaction between individual and community. Not that he is able to translate any of this into potent or legible dance.

And does he really believe that, in populating his company with dancers of varying shape, size and colour, he is practising democracy? Does he think we've forgotten that his partnership with the late Arnie Zane was based on the novelty factor of a big, black, muscle-bound man dancing with a short, white playmate? Although the company's dancers do their collective best with some woefully insipid, albeit brutish, material they eventually succumb to the high energy narcissism which characterises the work.

In using an arrangement of Stra- ger Jones's dangerous pretension to vinsky's L'Histoire du Soldat (minus

Early's "point of departure is the three sections, and a trio of prepared and set themselves apart from a disnotion of a continuum of events as piano pieces by John Cage for its history". Jones proceeds with vague second, Jones spotlights two of this and crass allusions to the selective century's most influential composers. Thankfully, he doesn't align himself with either of these figures in the way that, say, Bejart, in one of his most megalomaniacal pieces, attempted to share a pedestal with

> Rather, his offence is to pollute his chosen scores with a rhythmically banal mélange of hip-wiggling, shoulder rotations, empty gestures and strained posturing. Only in the transitional, second part does Jones let the Zen serenity of Cage's soundworld dominate while an enormous elongated egg, filled with light, illuminates the dancers as they slowly cross the stage.

Unfortunately, Peteris Vasks's quasi-religious compositions which accompany the closing section trigspirituality. Huddled together, the

Having claimed that We Set Out narration) for the first of the work's dancers mouth words, mime screams senting couple who appear to be scrubbing the floor with their hands as the music build to a climax.

> Typically, Jones bypasses profundity for short cuts to a cheap theatricality. The work ends with a stomping, shimmying, unison phrase first performed by the whole group minus a single, male outsider, then adopted by a solo dancer. As a conclusion, it isn't exactly charged with meaning but does harness a sensitivity which is lacking elsewhere.

Pity then, that Jones bijacks the same dance phrase and turns it into an overblown, stylised curtain call for himself and his company, "It would have been no great tragedy if I had become a truck driver," states the choreographer in his autobiography. There's still time, Bill.

At the Peacock Theatre, London WC2 until Saturday (0171-314-8800). I rut's conservatoire: "They so badly beaten up by a the ear."

# Sweeter sounds from Baalbek

**Michael Church** on attempts to recreate a music festival in Lebanon

What sort of music does Hezbollah like? This is a question much asked in Lebanon at present, and it is not a frivolous one. For Hezbollah gunmen control Baalbek; and until civil war erupted, the Roman temples of Baalhek hosted one of the world's great festivals of opera and dance.

A revived Baalbek festival would send a message about the return of normality even louder than that sent out by the much trumpeted reopen ing of the Casino du Liban. Nasser Safieddine, the urbane culture-supremo at Lebanon's ministry of tourism, knows this well. He presided over a mini-festival at Tyre shortly after the Israeli bombardment in 1996 "jus to show the city was safe again".

Last autumn he staged a mini-festival at Baalbek itself, which culminated in a concert by Mstislav Rostropovich. This was a huge success, and there are plans for a more substantial event this August. May Arida, the festival director, shrugs off the recent gun-battle in Baalbek between Hezbollah and their Sunni rivals. "Our plans remain unaffected," she savs.

"Obviously whatever is performed at Baalbek must be in accordance with the culture of the people who live there", says Safieddine, carefully. "We're not having the can-can. But there has been no opposition from Hezbollah. They actively want it to happen."

But here's the paradox. Hezbollah and their fundamentalist friends have long castigated western music as decadent. They play Beethoven and Mozart on the radio when someone important dies – it's actually known as "funeral music" – but their official line is condemnatory. More specifically, they condemn singing. This is confirmed by Walid Gholmieh, director of Beimusic pure Lebanon's musi-vowed never to return. "But cal tradition is based on my heart still beats to the oriental styles - are study- back on its feet." ing instrumental music

Gholmieh is trying to push music towards the centre of the national stage. "In the strong to push sive spring that Myrna Bustani has brought top singers 1980s I watched this conservatoire being looted, its pianos destroyed. When I took over the helm in 1991 there was nothing: I sat here for three months without electricity. We now have 3,500 students, including 350 violinists and 700 pianists."

But how can so many musicians find work? "Your

'I started it because young people in this country had seen virtually nothing but war

question is a delicate one. because the Islamic concepble to it as a career. But branches all over Lebanon, including one in Sidon, where 95 per cent of the students are Moslems." Gholmieh's longer-term crusade is to persuade the state to have our family of ouds." fund a symphony orchestra for Lebanese music. "But each time I win the argument, something happens to prevent it - a war on the southern border, or the Israelis shelling Beirut."

In an adjoining studio pianist Avo Kuyunjian is giving a masterclass. It is appropriate that the first girl to play should choose Bach's swirlstudents are completely cut off from the rest of the musiconcert, and was afterwards

say they want to keep their group of militiamen that he song, but most of our stu-rhythm of this place. I want dents - even those studying to do what I can to help it Kuyunjian is in town to

play at the Al Bustan festi-val. This is the fifth succesand chamber groups to perform in her auditorium in the hills overlooking Beirut. "I started it because I realised young people in this country had seen virtually nothing but war," she says.
"And I wanted to pave the way for a reopened Baalbek festival." For five weeks each year her 450-seater hall is packed; the problem is persuading artists that it's safe. "In 1996 year we had to start booking in the month when the Israelis attacked. Some musicians said we had to be joking, others wanted to wait and see." She finally got the people she wanted.

But that indigenous will is everywhere in evidence. For example, in professor Char-bel Rouhana, whose performance on the oud - the arabic lute - has an tion of music is not favoura- Elizabethan grace and melancholy. He had developed many will teach, because our his own teaching method, conservatoire now has and he has craftsmen working on smaller-scale instruments for children. "Just as you have your family of violins, starting with the tiny one-sixteenth, we shall soon

Then there is Imane Homsy, by day an architect, but in her spare time she is Beirut's leading exponent of the kanun, or Phoenician zither. This instrument is traditionally plucked with two fingers: she has patented a method involving eight, and has commissioned composers to write for its expanded possibilities. And ing Chromatic Fantasy, two middle-aged professors. since this is the composer's one of the oud and the other most "arabic" piece. "These of the guitar, are developing a repertoire to show how these cognate instruments cal world," says Kuyunjian may at last be yoked afterwards. "All they have is together. "We're playing courage, and their will to partly baroque music, and succeed." He was born here, partly fresh compositions," went to study in Vienna, says guitarist Joseph Ichcame back in 1977 to give a khanian. "It's a new formula, but we think it tickles

#### **POP** SIMPLE MINDS' NEAPOLIS

### Too bland to be cool

There are few less fashionable sounds of the moment than the pompous, muscular thrashings of the early 1980s supergroups. Along with U2, Simple Minds were at the crest of that particular wave; both bands brought credibility back to the stadium concerts which had been roundly denounced by the spirited practitioners of punk diktat.

AND THE PARTY.

A A CONTRACTOR

Happily for them, it made sound economic sense as well as fashioning its own, distinctive aesthetic. Simple Minds became simply huge, garnering critical acclaim for a string of intelligent albums and showing an acute sense of commercialism when choosing singles.

Fast-forward to today and the band's leaders, Jim Kert and Charlie Burchill, were faced with a dilemma: how to update their sound in an era which is still

enamoured of guitar-based brevity? On Néapolis (Chrysalis), they show impressive resourcefulness, moving forward by glancing back Néanolis is reminiscent of the

earliest Simple Minds albums. when the group was influenced by the layered synthesisers and mechanical backbeats of the German electronic bands. The group's latest clutch of songs do not move very much; indeed they make a point of their stillness, happy to be buoyed by swathes of carefully textured keyboards. with only the odd bubble of synthesiser disrupting the flow.

It all sounds pleasant enough; but there is a thin line between the hypnotic and the somniferous, between ambient-cool and wallpaper-dull. Much of the sequencing here is too bland to sustain interest, and Kerr does

not do enough with his voice to make an impact.

Stravinsky's ghost.

Neither is there any great melodic strength on the album: the latest single, "Glitterball", has its moments; there is a folky feel to "Superman V Supersoul". but that is about it. Dangerously, Néapolis ends on a meandering instrumental, "Androgyny", which only stresses the shortage of ideas. More successful is the acoustic opener, "Song for the Tribes", which negotiates the delicate balance between restraint and forcefulness.

Ironically, it is in turning their backs on their halcvon pomp rock days that Kerr and Burchill lose out, one of the group's greatest strengths was the sheer amount of rhythmic fury they generated (think "Waterfront", 'Promised You a Miracle"). How careful even the biggest groups need to be in recycling their history to coincide with the

Peter Aspden

## Loyal musicians under the baton

RICHARD FAIRMAN

Boston Symphony Orchestra City of Birmingham Symphony

The Boston Symphony Orchestra is out and about early this year. Usually we get visits from the American "big five" orchestras during the the summer season of festivals, but this year the Boston players are already here, touring Mahler symphonies around Europe.

At a time when most long-standing conductor-and-orchestra teams have broken down, the Boston Symphony is a stronghold of stability. Seifi Ozawa is coming up to his 25th anniversary as music director, which suggests the loyalty runs deep on both sides. His tenure may have invited its share of criticism on

and Ozawa has helped to attract valuable financial backing.

All of that was on show in the 1998 European tour. There were two concerts at the Royal Festival Hall, comprising one Mahler symphony apiece. Only a couple of weeks after catching both the Berlin Philharmonic and Vienna Philharmonic orchestras also playing Mahler, the Boston players were not overshadowed. Their sound is perhaps less glossy, but for technical distinction they are up with the best.

At Wednesday's concert the symphony was Mahler's Sixth (the Third followed on Thursday). Ozawa was businesslike with it, organising the orchestral detail with complete managerial control and keeping his eye on long-term goals. It was easy to admire his skills objectively, as

artistic grounds, but the orches- one might a particularly well-in- Millennium festival will not be meeting. But memories of other performances in this hall - the stark Boulez, the hallucinatory nstedt - left this one seeming

devoid of deep personal feelings. Its unfaltering strength was an orchestra that has learned how to knit every strand of Mahler's complex writing into a single perfectly-balanced whole, the result of years of rehearsing and performing to the highest standard. If Ozawa were to depart, as Masur is apparently to do from New York, one can imagine many conductors eager to take his place - the name of Simon Rattle being at the top of the list, if rumours are to be believed.

At the end of this season Rattle is due to leave the City of Rivmingham Symphony Orchestra, which he has lifted to unforeseen heights. His annual Towards the

tra is playing as superbly as ever formed and brisk chairman at a finished, but he says he will return as a guest to see it through to completion, and on Monday was at the Royal Festi-London shop-window of this NEC Karajan, the intensity of Ten- val Hall for a typically ambitious programme of music from the 1970s with the CBSO as his tireless companions.

This was the French programme out of the three that Rattle conducted. The 1960s turned every composer into an individualist and by the next decade Boulez was carving the gravestone formality of Rituel (In memorium Bruno Maderna) while Messiaen was filming the panoramic musical travelogue Des compons aux étoiles, which may go on too long but has some amazingly original sounds in it. Two-and-a-half hours of challenging music to test and delight is par for the course with Rattle. Wherever he goes next, they should be pre-

#### INTERNATIONAL

## Arts Guide

#### **AMSTERDAM**

CONCERTS Tel: 31-20-675 4411 Rotterdam Philharmonic Orchestra: conducted by Valery Gergiev in works by Brahms, Mozart and R. Strauss. With plano soloist Stefan Viadar and soprano inga Nielsen; Mar 21

#### BALTIMORE CONCERTS

Joseph Meyerhoff Symphony Hall Tel: 1-410-783 8000 www.baltimoresymphony.org Baltimore Symphony Orchestra: with percussionist Evelyn Glennie. Programme includes Christopher Rouse's Der gerettete Alberich and R. Strauss's Also sprach Zarathustra. The conductor is David Zinman;

OPERA -Baltimore Opera Company, Lyric Opera House Tel: 1-410-625 1600 www.baltimoreopera.com Carmen: by Bizet. Conducted by Atfredo Silipigni in a production

directed by David Roth. The title role is sung by Irina Mishura; Mar 21, 22

BELFAST THEATRE **Grand Opera House** Tel: 44-1232-241919 Marlene: A Tribute to Dietrich. Starring Sian Phillips; Mar 20, 21

#### BERLIN CONCERTS

Tel: 49-30-2548 8354 Bertin Philharmonic Orchestra: conducted by Daniel Barenboim in works by Lutosla Tchaikovsky; Mar 21, 22

#### **BIRMINGHAM** CONCERTS

Symphony Hall Tel: 44-121-212 3333 The Tchaikovksy Experience: Roger Nomington conducts the Orchestra of the Age of Enlightenment. Tomorrow's programme includes extracts from Sleeping Beauty and Piano Concerto No. 1, with pianist Cyril Huvé. Sunday's programme includes Tatyana's Letter from Eugene Onegin with soprano Joan Rodgers, and the Pathétique Symphony. The weekend's activities include afternoon recitals by Huvé and Rodgers, as well as talks and open rehearsals. The programme will be repeated in London next weekend

#### **BOLOGNA OPERA**

Teatro Comunale Tel: 39-51-529 999

vw.nettuno.it/bo/teatrocomunale Don Carlo: by Verdi. Co-production with the Grand Théâtre de Genève, conducted by Ellahu Inbal in a staging by Andrei Servan; Mar 21 ● Il Campiello: by Wolf-Ferrari. New production conducted by Bruno Bartoletti in a staging by Nanni Garella, with designs by Antonio Florentino; Mar 20, 22

#### **CHICAGO** CONCERTS

Orchestra Hall Tel: 1-312-294-3000 www.chicagosymphony.org Chicago Symphony Orchestra: conducted by Oliver Knussen in works by Mussorgsky/Stokowski and Knussen; Mar 20, 21

#### DUBLIN

EXHIBITIONS irish Museum of Modern Art Tel: 353-1-612 9900 Andy Warhol: After the Party, Works 1956-1986, 100 works, drawn mainly from the Warhol Museum in Pittsburgh; ends on Sunday

#### **FLORENCE** OPERA

Teatro Goldoni Tel: 39-55-211158 www.maggiofiorentino.com Orleo: by Montiverdi. New staging by Luca Ronconi, conducted by René Jacobs: Mar 20, 21

#### HELSINKI

**OPERA** Finnish National Opera Tel: 358-9-4030 2211 The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tiliberg. Conducted by Mikko Franck;

#### HOUSTON DANCE Houston Baller

Tel: 1-713-227 2787 The Snow Maiden: new full-length work choreographed by Ben Stevenson to a Tchaikovsky score arranged by John Lanchbery, in a co-production with American Ballet Theatre, Bolshoi ballerina Nina Ananiashvili makes her Houston debut in the title role. The designs are by Desmond Heeley; Mar 20, 21, 22

#### LONDON CONCERTS

Barbican Hall Tel: 44-171-638 8891 Boulez Celebrates Carter: Pierre Boulez conducts the London Symphony Orchestra in works by Bartok, Schoenberg, Carter and Debussy, With piano sololst Emmanuel Ax; Mar 22

#### Roval Festival Hall Tel: 44-171-980 4242 London Philhermonic Orchestra: conducted by Mark Elder in Gamelan Music at 6pm, followed by Messiaen's Turangalila Symphony at 8pm: Mar 21

**OPERA** English National Opera, London Tel: 44-171-632 8300

#### La Bohème: by Puccini, Steven Pimiott's production is revived by Barry Atkinson and Frances Moore, and conducted by Emmanuel Joel;

 The Tales of Hoffman: by Offenbach. New production by Graham Vick, designed by Tobias Hohelsel and conducted by Paul Daniel/William Lacey. Cast Includes John Tomlinson: Mar 20

Shaftesbury Theatre Tel: 44-171-379 5399 The Royal Opera: Cosi fan tutte, by Mozart. Revival of Jonathan Miller's production, conducted by Colin Davis: Mar 20, 21

#### **NEW YORK** CONCERTS

Avery Fisher Hall, Lincoln Cente Tel: 1-212-8755030 New York Philharmonic: conducted by Deniele Getti in Mozart's Eine kleine Nachtmusik and Mahler's Symphony No. 5; Mar 20, 21

#### EXHIBITIONS Metropolitan Museum of Art Tel: 1-212-879 5500 www.metmuseum.ord

 Charles-Honoré Lannuier: (1779-1819); around 50 pieces of furniture by the French cabinetmaker who left Paris to build a career in New York: to Jun 14 Glanni Versace: this tribute to the

late Italian designer explores the influences upon his work of artists including Warhol, and of historical styles ranging from Greek and Roman classicism to 18th century court styles and the Vienna Secession. The show also explores his use of new materials such as .

#### plastic and leather; ends on Sunday

Metropolitan Opera, Lincoln Centar Tel: 1-212-362 6000 www.metopera.org Lohengrin: by Wagner, New production by Robert Wilson, with costumes by Frida Parmeggiani;

THEATRE Joseph Papp Public Theatre Tel: 1-212-239 6200 Macbeth: by Shakespeare. George C. Wolfe directs Alec Baldwin and Angela Bassett: to Mar 29

#### **PARIS** CONCERT

Salle Pleyel Tel: 33-1-4561 6589 Orchestre de Paris: conducted by Semyon Bychkov in Mahler's Symphony No. 2; Mar 21

Théâtre des Champs Elysées Tel: 33-1-4952 5050 Boston Symphony Orchestra: conducted by Seiji Ozawa in Mahler's Symphony No. 6; Mar 20 Boston Symphony Orchestra: conducted by Selfi Ozawa in

## ROTTERDAM

Mar 21

Mahler's Symphony No. 3;

CONCERTS de Doelen Hall Tel: 31-10-217 1700 Rotterdam Philharmonic Orchestra: conducted by Valery Gergiev in works by Brahms, Mozart and R. Strauss. With piano soloist Stefan Vladar and soprano Inga Nielsen,

Mar 20

#### SAN FRANCISCO CONCERTS

Davies Symphony Hall Tel: 1-415-864 6000 www.sfsymphony.org San Francisco Symphony Orchestra: conducted by Herbert Blomstedt. Mar 20, 21

#### TOKYO CONCERT

Tel: 81-3-3477 9999 Tokyo Philharmonic Orchestra: conducted by Kazushi Ono in works by Ligeti and R. Strauss. With violin soloist Elfi Arai; Orchard Hall; Mar 20

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Monday to Friday, GMT: 06.30: Moneytine with Lou Dobbs 13.30; Business Asla 19.30: World Business Today 22.00: World Business Today Update

#### Business/Market Reports: 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20,

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens

From Professor Yakov

Amihud.

Sir, It was amusing to read

your criticism of the Israelis

who celebrate Purim, ignor-

ing the biblical massacre of

75,000 non-Jews ("Variety of

views as Israelis mark an

Old Testament massacre",

March 14-15). But read the

facts in Esther 9:16: "The

rest of the Jews, those in the



PHILIP STEPHENS

## Back to Har Homa

The British prime minister must reassert Europe's role in the Middle East by following in the footsteps of his foreign secretary

I am warming to Robin Cook. Britain's foreign secretary stands accused this week of causing grave offence to the Israeli government of Benjamin Netanyahu. His crime was to shake the hand of a Palestinian while being jostled and jeered by Jewish settlers in Arab East Jerusalem. As I said, I am warming to Mr Cook.

Conventional wisdom has it that the foreign secretary's foray into the Middle East peace process was a diplomatic disaster. His brief trip to the controversial settlement at Har Homa invited an extraordinary snub from Mr Netanyahu. Denied a long-arranged dinner with his host, Mr Cook was packed off from Ben Gurion atroort without so much as a handshake from the most junior Israeli official. Cook humbled, read the headlines in British newspapers. In Israel, they were nastier.

Mr Cook, it is true, is not a foreign secretary from what the English used to call the old school. He is one of politics' pricklier characters, as self-possessed as he is highly intelligent. His pronouncements speak his mind. They lack the silken vacuity which Malcolm Rifkind, his Conservative predecessor, made his trademark. It was no accident that Mr Rifkind was among the first this week to criticise Mr Cook. Nor that Douglas Hurd, an altogether more substantial figure in the politics of the past decade, declined to join the rush to judgment.

I doubt whether Mr Cook would deny that the mob which greeted him at Har Homa and the violence of Mr Netanyahu's reaction made for his most uncomfortable day as foreign secretary since since last May's

general election. And it is clear in retrospect that there were one or two diplomatic slip-ups in the overall planning of the visit. With the benefit of hindsight he would have added the Holocaust Memorial at Yad

Vashem to his itinerary. But the conventional wisdom shatters under examination of the real cause of this week's furore. Har Homa (or Jebel Abu Chneim as it is known to the Palestinians) is a symbol of Mr Netanyahu's contempt for the process which a few years ago offered a fleeting limpse of peace.

New settlements in the Arab territories occupied by Israel are illegal under international law. They are also in breach of the 1993 Oslo accords signed by the Israelis and Palestinians. And on the most sensitive ssue of Jerusalem, the joint declaration of principles at the heart of those accords could not be clearer. The future of the contested city would be decided only after several years of confidence-building between

the two sides. The Israeli prime minister seems determined that such confidence will never be built. His decision a year ago to approve a 1,200-home settlement in Har Homa had two plausible objectives: to derail a peace process which he had always opposed, or to pre-empt the outcome of any eventual settlement. A charitable interpretation of Mr Netanyahu's intent says the first of these is simply an unfortunate by-product of

the second. Mr Netanyahu wants to shore up his prospects of re-election. We should not make the mistake of characterising his approach to the Palestinians as Israel's policy. Many Israelis would like to see a return to

the peace strategy pursued by the late Yitzhak Rabin. But the issue of Jerusalem has special resonance in Israel's domestic politics. And Mr Netanyahu is careless of any wider

consequences.

His is a mentality which divides the world between those who are pro-Israeli and those who support the Palestinians. Never mind that the policy undercuts the Palestinian Authority on the West Bank and nurtures the suicide bombers of Hamas. Mr Netanyahu seems to rejoice in isolation. It amplifies his assertion that the nation is under siege. Those, like Mr Cook, who dare publicly to challenge the government are to be accused of anti-semitism. There are only two sides to the argument - and no room

for a stance which might be

described as pro-peace.

Here we see the reasoning behind the attempt to humiliate Mr Cook. The foreign secretary was travelling in his capacity as current president of the European Union's council of foreign ministers. The visit to Har Homa had the explicit backing of the 14 other EU governments. The purpose as Mr Cook put it, was to "underline the extent to which the expansion of ettlements is undermining the peace process". More than that, the foreign secretary carried the

message that Europe wished

to re-engage in the region. That, I think, is precisely what the Israeli government wants to prevent. Sure, it pays lip-service to the idea that the Union has a mediating role to play alongside the US. And EU diplomacy helped clinch last year's agreement between Israel and the Palestinians on Hebron. But to Mr Netanyahu's mind,

European governments are overwhelmingly on the side of the Palestinians. It is better to deal only with the Americans, and even then with a pro-Israeli Congress more often than the White House. How convenient it was then that the incident at Har Homa seemed to discredit the EU's involvement. Mr Netanyahu, I suspect, never intended Mr Cook's visit to be an occasion for serious

negotiation. Washington, of course, will always take the lead. But Bill Clinton's administration is a hostage of the Congress. It has lately done nothing much than fume with frustration. I have given up counting the number of times Madeleine Albright has vainly called for a "time-out" on new settlements. All the more reason then for Europe to reassert a role in the

Geography anyway says it must. Israeli intransigence adds up to European insecurity. We saw during the recent confrontation with Iraq how much Mr Netanyahu has done to radicalise moderate opinion across the Arab world. As it happens, the EU is also the biggest contributor to the international effort to make the West Bank a viable entity. It has poured more than \$1.5bn into the area over the last few years, six or seven times more than the Americans. And money buys a voice.

Mr Cook was right. And if his supposed embarrassment raised the profile of the settlement issue, so much to the good. What matters now is that the episode does not deflect the EU. The first responsibility here lies with Tony Blair.

The British prime minister's fulsome public support for his foreign secretary was echoed privately at yesterday's cabinet meeting. Next month Mr Blair travels in Mr Cook's footsteps as president of the EU council. His message must be equally robust. Mr Netanyahu has said he is confident that the trip will not been blighted by the events of this week. Mr Blair should reply with the courtesy denied to Mr Cook. He should say he would like to visit Har Homa.

# LETTERS TO THE EDITOR

#### Battle was Regime must protect the legitimate defensive interests of pharmaceutical industry

From Mr Alan F. Holmer. Sir. Frances Williams' article. "UK bid to speed germ war talks" (March 10). states that the US pharmaceutical industry has accepted a "reasonable number" of "clarifying visits" under a new treaty proposed to enforce the biological weapons convention. The industry full shares concerns about the production or use of biological weapons and

supports the goals of the proposed new treaty. companies are also justifiably concerned about the risk to biomedical innovation and patient health that could result from the loss of innovators' intellectual property and proprietary business information in a poorly designed treaty regime. For this reason, we have endea-

Aggravated

From Mr Peter Seilern.

Sir, Mikie Kiyoi (Letters,

banking system today and

that this follows the inabil-

ity of the Japanese govern-

ment to modernise, deregu-

late and re-liquify its own

banking system; in short, to

sweep its own doorstep.

Peter Seilern

Management,

Seilern Investment

Broughton House

6-8 Sackville Street.

London W1X 1DD. UK

danger

voured on numerous occa- prietary information. sions to communicate to senior representatives of the ness to help develop solutions to these problems.

enforcement protocol must adequately protect the intellectual property and proprietary business information However, our member that is the lifeblood of the research-based pharmaceutical industry. We are particularly concerned that "clarifyvisits" or other ing non-challenge inspections could expose facilities where there is no justified suspi-cion of illegal activity to the very real risk of theft of

We are not at all convinced that the benefits of US government our reserva- such inspections would outtions about certain elements weigh the risks to our interof the proposed treaty proto- ests, but we are willing to col as well as our willing work with the US government (and EU governments as well) to help design an Most importantly, our inspection regime that both detects and deters cheating. member companies have but also protects the legitimade clear that any BWC mate property of an industry that uses the techniques of

> Alan F. Holmer, and Manufacturers of America, 1100 Fifteenth Street, NW. Washington, DC 20005, US

#### intellectual property or pro-Share scheme rewarding performance may be hit

From Mr Peter Smith. Sir. The UK chancellor's new rules regarding share March 4) posts a finger of schemes for employees are blame at the US, Germany. somewhat misaligned with France and the rest of Labour's claim to be the Europe for not giving adequate aid to Asia in its time party of business. I welcome the clarification of taxation of crisis. She also mentions rules for risk-of-forfeiture that Japan gives financial shares, but the imposition of support to Russia (a Euroan income tax charge on pean country, she says). grant for share schemes Unfortunately, Mrs Kiyoi forgets to point out that the which last longer than five years is short-sighted. Asian crisis has aggravated By imposing a forfeiture the danger to the world

risk limit of five years, the chancellor has seriously constrained companies' ability to introduce innovative share schemes which truly reward, with equity, performance over the longer period. Shareholders of companies which endure economic cycles of greater than five years are the ultimate Most current share schemes of this genre last UK

less than five years as there is intense, external pressure on companies to mirror market practice. However, there are occasions when "forfei ture risk" necessitates a longer period as the choice of time-frame should reflect the underlying economics of the business and not simply what everyone else does. It appears that the options for the majority of compa-

nies which genuinely need

to reward performance over

longer than five years are restricted, due to the potential actions of the disreputable few who might exploit the ability to offset income tax charges Peter Smith. associate. SCA Accounting. Wellington House

125 Strand.

London WC2R 0AP,

king's provinces, likewise mustered and fought for their lives. They disposed of biotechnology to create their enemies, killing seventy-five thousand of their treatments and cures for foes; but did not lay hand on unmet medical needs, not the spoil." It was a defensive weapons of mass destrucbattle that followed the king's order to kill all Jews in the kingdom. Pharmaceutical Research

Yet, your point is sensible. Accordingly, I expect that on VE day, Britain should mourn the tens of thousands of civilians killed by its bombers in German cities during the second world

Yakov Amihud, Leonard N. Stern School of New York University. 44 West Fourth Street, NY 10012-1126, US

#### A taxing problem

From Mr Douglas Finney. Sir, The situation appears to be as follows: I go out and earn some

• The UK government takes a sizeable chunk; The government gives me back some of it in the form of child benefit; The government will then take back some of that in

There must be a more efficient way of not paying me child benefit.

Douglas Finney, 34 Bolingbroke Grove, London SW11 6EJ, UK

Number One Southwark Bridge, London SE1 9HL

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# States of dependency

European Union leaders are facing a test of credibility over EU farm policy and enlargement of the Union, writes Lionel Barber

his week, the European Commission unveiled its blue print to reform what are easily the two biggest items of EU spending, the Common Agricultural Policy and money to help poor regions. The squeals of protest could be heard from Bilbao to Bavaria.

The CAP and regional aid account for more than 80 per cent of annual EU spending (Ecu91bn). There are few illusions in Brussels about the task of breaking the culture of dependency among the 15 member states.

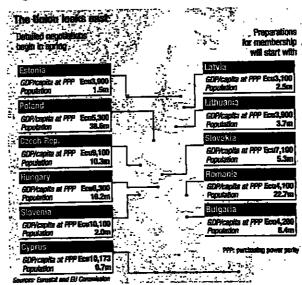
Yet without reform, the EU cannot go ahead with enlargement to central and eastern Europe. The costs of extending western European levels of aid to the east would be prohibitive. Thus EU leaders face a test of credibility: how to defend their existing privileges while honouring their historic commitment to end the

cold war division of Europe. The dilemma is particularly acute for Tony Blair. the UK prime minister and a champion of enlargement. Labour will find it hard to square its rhetorical claim to economic leadership in Europe with its criticism of regional-aid reform on the grounds that Britain, as one of the poorer members of the Union, is being treated

So the Commission has to square a circle. Its blueprint - code-named Agenda 2000 seeks to press for enough reform to make the Union fit to take in up to 11 relatively poor members without triggering a backlash against enlargement. How can it do

On farming, by sticks and carrots. Spanish olive growers, Bavarian dairy farmers and Greek tobacco growers are already protesting about the planned cuts in intervention prices which the EU pays for cereals, beef and dairy products which cannot be sold on the market. These cuts, however, will be offset by income supports that will raise the total cost of the CAP by about 10 per cent by

Franz Fischler, the Austrian agricultural commissioner, concedes that the package is generous. But this is the price of preserv-



ing the countryside, he claims. Privately, Mr Fischler is calculating that internal and external pressures on Europe's farmers will make the case for modest reform irresistible, and that a deal could be struck by the target date of January

1, 2000. The internal factor is that the power of the farm lobby has peaked. The number of farmers in the EU has been falling by around 3 per cent a year. Today, they account for less than 5 per cent of the EU's population. The crucial breakthrough came in 1992 when Ray McSharry, Mr Fischler's predecessor, rammed through a package which broke the link between EU subsidies and production in cereals and beef. The Fischler package

goes a few steps further. The external factor is next year's negotiation on farm trade under the World Trade Organisation. Europe lost out in the 1980s round because of its failure to adapt; this time, Brussels officials argue that a reformminded EU would be betterplaced to defend its share of expanding world food markets. These two forces should act as a constraint on

the debate could prove more contentious, if only because half of the EU's total population of 370m benefits from the pork barrel in Brussels. Programmes range from building roads, bridges and

up polluted industrial sites. vocational training and advice to small companies. They have turned into a tool for governments to sell "Europe" to voters.

The Commission, wisely, has decided not to use enlargement as an argument for reform. Instead, the blueprint argues that the present system needs a shake-up. irrespective of the need to take in new members. Hence the emphasis on tightening the rules on eligibility and the pledge to give member states more discretion on the application of funds. Monika Wulf-Mathies, the

German commissioner, would like to shrink the share of the population eligible for aid from 51 per cent to between 35 and 40 per cent. She wants to reduce the number of criteria to three: areas with a GDP per capita of less than 75 per cent of the EU average; run-down industrial regions; and areas suffering from high long-term and youth unemployment. All regions which are set to fall off the aid map would enjoy transition periods of between four

Three factors complicate the debate. First, the days of ever expanding EU budgets On regional aid, however, are over. Germany is no longer willing to play paymas-ter to the "Club Med"

Governments struggling to meet the budget deficit targets for monetary union are, in effect, forcing Brussels to telephone lines to cleaning operate a balanced budget the right direction.

amendment, with no margin for redistribution.

ment will increase the number of poorer countries, thereby diminishing the claims of the four countries that have benefited handsomely: Greece, Ireland, Portugal and Spain. Their GDP per capita has risen from 66 per cent to 74 per cent of the EU average over the past decade. Fast-growing Ireland is the biggest success story, but is still resisting an abrupt cut-off in aid.

Third, Germany and the Netherlands are pressing for a new mechanism to reduce their payments to the EU budget. They are looking enviously at the British "rebate" which Lady Thatcher won in the 1980s. The Commission will produce a report in the autumn, but reopening the rebate risks triggering a political crisis in the Union

The optimistic view is that a deal on regional aid will become easier once the German general election on September 27 is out of the way. This would allow for six months of negotiations, paving the way for a deal under the German presidency in early 1999, well before the European Parliament elections in June. The target date for admitting the first wave of central Europeans around 2002-03 would remain

This assumes that the two countries at the opposite end of the spectrum - Germany, representing the net contributors, and Spain, representing the net recipients - cancel each other out. The Commission must also show that it can maintain the financial discipline which bas seen significant underspending since 1995.

The Commission's approach is competent, even clever - but only in terms of finding a consensus among the 15 member states on their own narrow national interests.

As one former senior Brussels official lamented this week: no one is making the broader economic and political case for admitting new members with cheap labour, hungry consumers and fragile democracies. Agenda 2000 is only a tentative step in

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The Emerging Markets CEO of the Year Awards were established in 1994 to acknowledge excellence in the world's fastest growing markets. Since then, International Media Partners and ING

Barings have been honored to present this prestigious Award to business leaders who have displayed vision in the development of their business in emerging markets.

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will be given. The first Award will go to a corporation with its headquarters in one of the world's emerging economies whose vision and company performance serve as a model to other emerging market companies around the world. The second Award will go to a company with its headquarters in the developed world whose expansion into emerging markets has contributed significantly to corporate revenues and profitability and

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The Awards will be presented at a special gala Awards Dinner during the IMF/World Bank annual meeting in Washington on October 5, 1998. If you would like to submit a candidate, please forward

all contact details for your nominee and yourself by May 15, 1998 to Tom Lonardo, Managing Director, International Media Partners, on tel. +1.212.610.2924; fax +1.212.610.2901; email: tlonardo@emrgmkts.com.



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## FINANCIAL TIMES

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Friday March 20 1998

## A nation of homeowners?

Ownership of private property is enterprises. Until now, these at the heart of capitalism. So have effectively been China's when Zhu Rongji, China's newlyappointed prime minister, yesterday announced the commercialis health care, and wages for workation of China's property market, ers who are laid off. If they are to he gave the clearest sign yet that his country has turned its back on communist ideology. The policy also has important implications for Mr Zhu's programme of economic reforms.

In part, housing reform is In part, housing reform is is the reform of medical insur-being used as a tool of economic ance which Mr Zhu also management. Zhu Rongji yesterday repeated his promise that economic growth would not be allowed to fall below 8 per cent. But growth is stalling, and the government is trying to find ways of boosting domestic cope with mortgage lending. Chidemand. Greater home ownership would create a rush of demand for consumer durables such as furniture. The government is also worried that if it eases monetary policy, the liquidity would flow into the stock market, fuelling a boom. The availability of housing as an alternative asset would make this

But the privatisation of housing also makes a lot of sense as a part of Zhu Rongji's drive to reform China's banking sector and its state-owned enterprises.

1 Taking

The demand for mortgages, if it materialises, could be a godsend to the banking system. China's banks are riddled with bad debts. Mortgages are considered to be one of the safest forms of lending, because of the ease of credit assessment and the availability of collateral. They could provide the banks with sound new assets as they set about writing off their stock of bad loans.

welfare system. They have provided services such as housing, be turned into commercial businesses, these welfare operations must be separated off, and taken into either private or government hands. The privatisation of housing is a big step towards this, as

announced yesterday. The policy sounds like a panacea. But there could be serious problems with its implementation. There must be doubts over how the banking system will nese banks have a poor record of credit assessment, and banking supervision remains inadequate. In the rush to enter this lucrative new market, banks may make serious errors in their lending decisions. It is also far from clear that China's legal system is developed enough to allow banks to enforce payment, for example, or to repossess properties.

And whilst the separation of

welfare from the state-owned enterprises is sensible in itself, there must be something to replace it with. This is particularly important at a time when the economy is being restructured, with large-scale unemployment likely to result.

Mr Zhu's speech yesterday was a bold, and welcome, statement of his vision for China's future. Housing reform should certainly play a large part in this vision. But, for all its attractions. Mr Zhu must remain alert to the risks he runs in initiating such a Housing reform will also ease fundamental change to China's the reform of the state-owned economic system.

## Green ties

A casual newspaper reader this calculates, probably with good week might have thought the reason, that such a meeting at island of Ireland had been evacu- this stage would not make it ated. Half the population seemed easier for him to sell any agreeto be betting their revalued punts on the Cheltenham Gold Cup, the impression given that Mr while the other half - including all those involved in the North- nationalist side is unfortunate. ern Ireland peace talks - were attending a St Patrick's Day reception in the White House.

Bill Clinton, arrayed in a green tie and cufflinks sent by his Irish relatives, appealed to the party leaders to seize "the chance of a lifetime for peace", while his staff during the referendum campaign. David Trimble, the Ulster Unionist leader, was visibly

uncomfortable with all this pressure, especially as the president urged him to meet Gerry Adams, leader of Sinn Féin. Mr Trimble

ment to his own party. Indeed, Adams is the key figure on the giving an implicit premium to the threat of violence as against the broader electoral support

enjoyed by the non-violent SDLP. Still, if Mr Clinton can persuade Sinn Féin to acquiesce, however grudgingly, in an agreement that respects the wish of encouraged speculation that, if the majority to keep Northern there is an agreement, he might Ireland within the UK, all the visit Northern Ireland in May, green flag-waving will have been well worth it. The biggest contribution he can make to peace is to make it crystal clear to the IRA that they should expect no glimmer of "understanding", let alone sympathy, for a return to violence on whatever pretext.

## Futurology

world's largest derivatives exchange, is committed to the blocs. CBOT/ Eurex would domimaintenance of its open-outcry, nate the world's most actively floor-based trading system. The irony in the surprise decision to in dollars and the planned Euroforge an alliance with Eurex, its pean single currency. CME/Liffe Swiss-German counterpart, is would have a quasi-monopoly on that the move underlines once short-term interest rate derivaagain the flexibility offered by tives in the same currencies. electronic trading. When finanexchanges is almost as easy as sending an e-mail. The more difficult\_trick is to make such arrangements work in managerial terms. In an increasingly competitive derivatives market, the case for alliances is easily made. The link with Eurex will almost immediately double the pool of financial institutions with direct access to the CBOT's products. Another planned link with an as yet unrevealed Asian partner would widen the CBOT's

catchment area further. The new cross-Atlantic alliance can only increase the pressure on the London International Financial Futures and Options Exchange. Its decision last week to embrace electronic trading was forced upon it by a loss of market share to the electronic Deutsche Terminbörse, a founder of Eurex. An obvious response would be to team up with the Chicago Mercantile Exchange, the CBOT's main US rival, which

now looks more exposed. An alliance between Liffe and the CME would bring together potentially compatible cultures: the two exchanges share a commitment to open outcry trading, to which they attribute their leadership in short-term interest

If it came about, such a move

two large trans-Atlantic trading traded long-term bond contracts

The CBOT's move seems in one cial products are traded on net-sense half-hearted, because it works of computers, linking two fails to take full advantage of computerisation by offering cheaper trading. Instead, it will use the global electronic network chiefly to attract new business to its more expensive open outcry floor during the daytime. As a result, the planned alliance looks uncomfortably like the abortive link between DTB and the French exchange Matif, which fell through when Matif refused

to abandon floor trading. In the medium term, the derivatives landscape appears likely to become a loose network of electronic alliances operating in tandem with open outcry. In the longer run, cost cutting by way of computerisation will only take place when the CBOT summons up the courage to review its mutual ownership structure and confront those of its members who have a vested interest in the

status quo. Whether institutional investors - the main end-users of derivatives - will benefit from all this through cheaper dealing costs is a most point. But in competition policy terms, the alliances need to be assessed in the context of the wider derivatives market. Increased availability of electronic trading and the growth of over-the-counter trading will, after all, make it easier for endusers to vote with their feet.

# The biggest question in town

America faces critical choices over the future of its most popular spending programme. Nicholas Timmins reports on the debate over pensions reform

omorrow, Bill Clinton will chair a sort of nation-wide town-hall meeting: a 10-city teleconference on the issue which (sex scandals permitting) will help define his presidency: reforming the pension system. Next year will see legislation to

'save" social security, as the US pension system is known. Mr Clinton's aim now is to build a bipartisan consensus on reform. Next month, he will host the first of four conferences jointly run by two groups with perhaps the biggest stakes in the outcome, the American Association of Retired Persons (AARP), the group most concerned for the recipients of social security, and the Concord Coalition, the most influential lobby for fiscal discipline.

Over the past two weeks, all 420 first-year students taking MBAs in public policy at Harvard have done nothing but consider how to reform what is easily America's most popular public spending programme. "It is simply the biggest public policy question in town," says Jeff Liebman, at Harvard's Kennedy School of Government

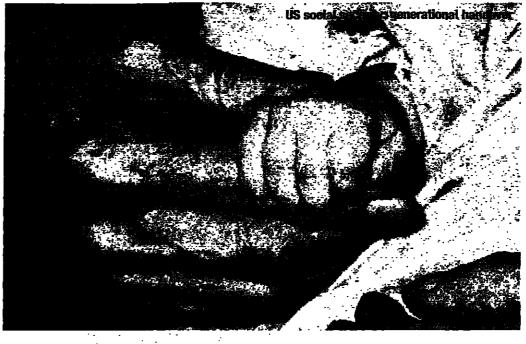
In a society strong on individualism and private rights, social security is an American paradox. A highly collectivist and redistributive programme, it uses "payas-you-go" payroll taxes of 12.4 employer and employee – to provide retirement pensions to 38m Americans and disability pensions to a further 5.5m. About 95 per cent of the population participates. Since the first monthly benefit of \$22 was paid out to Ida May Fuller of Vermont in 1940, the programme's reach has become enormous.

On average it provides about \$750 a month and rises in line with prices. Without it, according to Kenneth Apfel, the social security commissioner, close to 50 per cent of retired Americans would be below the US poverty line. It is the major source of income for two-thirds of retirees and provides more than 90 per cent of income for a third. With a total pay-out of \$350bn, "it is the nation's greatest anti-poverty programme", says Mr Apfel. It is also in trouble - in the

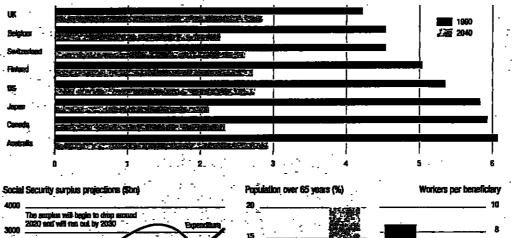
longer term at least. It suffers from the same mix of greater longevity, rising numbers of elderly and fewer workers per retiree that have afflicted pay-as-you-go pensions around the world. By 2030, the number of people above 65 will double to nearly 70m. The number of workers for each beneficiary will fall from 3.3 today to about 2. The US crunch is middling by

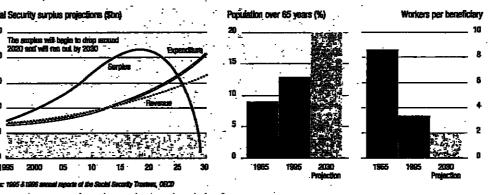
world standards. It is nowhere near as bad as that faced by Japan, but is appreciably worse than the UK's position. In Britain, the population is ageing less quickly and future state pension costs have already been cut. The risk in the UK is not that the system will go bust, but that people will retire on too small a pension: next week, the government will suggest there should be greater compulsion to save.

It was sometimes said that, compared with other countries. the US faces no pensions crisis. It is true that reforms in the 1980s led to the creation of a trust fund: payroll taxes were raised and put into Treasury securities as a way of pre-funding part of the scheme. As a result, more is raised than paid out and the fund has a \$650bn surplus.



Number of population aged 15-64 to each member aged 65+





have to rise substantially (most programmes will be cut. So estimates put it at around a quarter) or benefits will have to be cut by the same amount. That is why, in spite of the apparently sustainable position, there is talk of a crisis and a presidential call to "save" social security.

In January's state of the union address, Mr Clinton proposed setting aside future budget surpluses (which should start this year) until the social security problem has been solved. It was a political masterstroke. Mr Clinton's call has proved popular; Republican leaders, who were planning to push for tax cuts, have been wrong-footed.

But the surplus - a few billions annually over the next few years, rising to some \$600bn by 2008 will not solve the problem. This is because the trust fund is something of an illusion. It consists of Treasury securities, not equities or hard cash. It is payroll tax revenue that is, in effect, being lent by one part of government to another to cover existing spending programmes. Without the trust fund surplus,

By 2012, however, contribu- the federal government budget in play. One is to invest up to 40 tions will cease to cover benefits; would be deep in deficit, rather per cent of the trust fund in equiby 2029 the fund will be than heading for surplus. As it exhausted. At that point, if not runs down, either taxes will have A second is to create small-scale before, either payroll taxes will to be raised or other spending mandatory individual accounts -

#### discover that it needs to spend more and get less if it wants a secure

reform of social security is in fact more urgent than might appear from calculations that money will run out only in 2029.

old age'

The air is thick with reform plans. These range from privatisation of the pension system, as has been done in Chile (favoured by conservative think-tanks such as the Washington-based Cato Institute) to more limited amendments to the current system (supported by the Brookings Institution). In between are the politicians who have until the year end to decide which ideas they wish to shape into policy.

At its simplest, three ideas are

ties, improving its rate of return. say 1.5 to 2 per cent of wages rather like UK personal pensions, to top up a scaled-back social has just done) would overcome security system. A third would such concerns. And while the take the individual account idea fund would indeed be large, it much further, investing all the may well amount to only 3-5 per employees' contributions in personal accounts.

reforms is the transition costs. Under them, the current generation of workers has to pay not only for existing retirees but also invest in its own pensions. If the third, radical plan were adopted, these costs would be enormous. Such problems affect any switch from a defined benefit, pay-asyou-go system, to a funded, defined contribution scheme.

The problem with all three

The third is the least likely option. But the idea of more limited individual accounts is gaining ground. Americans have been seduced by a long bull market and the rapid expansion of smallscale, voluntary, personal pensions, known as 401Ks. These are purchased to top up social security payments: the trouble is that they provide too little on their own to live on and it is too easy

to withdraw cash from them before retirement. All the same, the idea of such shareholding has spread. Republican leaders from Newt Gingrich, the Senate speaker, to John Kasich, chairman of the House budget committee, have begun to endorse such an approach. This week Daniel Patrick Moynthan, the Democrat senator, did the same.

Mr Clinton has been careful, so far, to make no proposals of his own. In this, he has taken on board the lesson of the 1994 healthcare debacle which was undermined by announcing detailed reform plans too early. His administration is divided on the idea of individual accounts. Advocates argue that, funded from the surplus or a cut in the payroll tax, they could be presented as "tax cuts". Their rate of return would be higher - perhaps 6 to 8 per cent on past stockmar-ket performance, against the roughly 2 per cent the social security system will produce. Individual accounts would raise national savings, and might reduce future safety-net spend-

Opponents argue that individual accounts expose unsophisticated investors to market risk, that they have high administrative costs, and that, as they grow, they will be subject to the same pressures for early withdrawal which weaken 401Ks as a retirement vehicle. Pressure for a safety net for unsuccessful investors could land the government with a huge future liability, particularly in periods when the market performs badly.

Personalised accounts could also be the wedge that splits social security. When savers start to see higher rates of return, they may demand that more of their contributions go into individual accounts. This would further threaten the funding of the existing system and pose huge finan-cial problems if the budget moved back into deficit.

The alternative would be to invest say 40 per cent of the trust fund in the stock market. That could close more than a third of the funding gap, but raises its own problems. The sum invested would be huge and could distort the markets. There could also be political pressure not to invest in tobacco, or alcohol, or in unfriendly countries.

Advocates say that devising an independent board and an armslength fund manager (as Canada cent of the \$11,000bn US stock market. Extracting higher returns would support the present system, which offers both inflation-proofing and entitlements for survivors and the disabled. Private sector cover for these areas is expensive and is often left out of partisan calculations on the advantages of individual accounts.

At stake is whether the US opts for an individualist solution or sticks with a collectivist deal to "save" social security. Either way, some other unpalatable measures will probably be needed, such as bringing forward or increasing an already planned rise in retirement age and taxing benefits more heavily.

Like the rest of the world, America is about to discover that it needs to spend more and get less - at least from the state system - if it wants a secure old age.

#### **OBSERVER**

#### Frankfurters and might-have-beens

When British premier Tony Blair and Chancellor Helmut Kohl go into a huddle in Bonn today, they'll be chewing over how to break the epic impasse over who's going to be the first president of the European Central Bank.

There are signs that all sides are coming down against splitting the job between front-runner Wirm Duisenberg, the Dutch head of the European Monetary Institute, and Banque de France governor Jean-Claude Trichet. The latest idea is that Duisenberg should be appointed for a full eight-year term on the understanding that he would step down after four or five - but nothing would be put in writing.

The question is whether this would

be enough to placate President Jacques Chirac, who nominated Trichet, Insiders say Paris and Bonn are trying to work out a compromise. One idea is to give a Frenchman the new Brussels post of presenting the public face of EU foreign policy. Another is to reach a Franco-German consensus on the succession to Luxembourger Jacques Santer as European Commission president.

The vacant post of president of the European Bank of Reconstruction and Development could be thrown into the pot. It seems that the French actively pushed Belgian finance minister Philippe Maystadt, calculating that having a Belgian in London and a Luxembourger in charge in Brussels would make it

impossible to have another Benelux men at the ECB in Frankfurt. That would leave the way free for Trichet. The Germans saw through the ruse and blocked Maystadt.

#### Second away

Quitting Coca-Cola looks like becoming a habit for Sergio Zyman, the 52-year-old Mexican marketing whizz who has been the leading force in Coke's advertising for much of the last 20 years. Madison Avenue is rife with speculation that Zyman, who first walked out in 1986, is about to resign again. Zyman joined Coca-Cola in 1979

and was credited with successes including the launch of Diet Coke and the "Coke is it" ad campaign. But his abrasive, unconventional manner put some noses out of joint and, after the disastrous launch of New Coke, he left to work as a consultant

in 1993 Dougles Ivester, then head

of Coca-Cola USA, brought him back as chief marketing officer. Ivester took over as chairman and chief executive last year, but appears to have no plans to accommodate Zyman's desire for a step up. Zyman is said to be fizzing - and studying possible alternative careers at the likes of Microsoft and Nike.

#### Swede revenge

Insouciant Swedish ministers who shrugged off threats by leading multinational corporations that high taxes would drive business aboard might get some egg on their faces.

It Isn't just that telecommunications giant Ericsson is thinking of moving its headquarters to London – patience with Sweden's swingeing taxes is under strain elsewhere. Several big companies, such as pharmaceuticals group Astra, are miffed about the impact of high income tax on their ability to bring in foreign staff and retain their

Ericsson chief executive Lars Ramovist has been complaining for years, but Social Democratic ministers kept dismissing the gripes as not air. Now the boot may be on the other foot - any decision by Sweden's largest company to shift corporate functions overseas will be a political bombshell in a general election year, No wonder ministers are

scempering to set up a system of tax breaks for foreign expatriates on secondment in Sweden, which business leaders are already denouncing as inadequate. To make matters worse, companies are discovering other reasons to move out - like better access to markets. The stable door may have been bolted too late.

#### Checked out

Lamer Alexander's bld for the Republican presidential nomination in 1996 always looked a bit odd. The multi-millionaire who had held senior posts in the Reagan administration posed as a political outsider and a man of the people - weering plaid (checked) shirts in an absurd attempt to enforce the image.

Now he has published Lamar Alexander's Little Plaid Book, a set of mainly feeble bons mots on running a campaign, from the elf-justificatory "tell the truth. It's the right thing to do and it will confuse your opponent" to the humdrum mever have more chairs than people at political events".

He has had 50,000 copies of a slim 64-page version printed to give tway at Republican gatherings and other functions. It seems that Alexander is rolling up his checked sleeves for another abortive assault on the White House in 2000.

#### Martine mouthpiece

Jacques Santer is about to abandon his cautious habits and name Martine Reicherts as his next spokesperson the first woman to get the job. Currently the president's deputy chief of staff, she is first choice to succeed Klaus van der Pas, the urbane spokesman who is to head the new Brussels task force overseeing enlargement talks.

Reicherts, a Luxembourger, is known as a talented bureaucrat with a short fuse. She is close to Jim Cloos, chief of staff, and knows Santer's strengths and weaknesses. But she is generally wary of

Her appointment is causing trepidation inside the bloated spokesmen's service. Under van der Pas, the 19 other EU Commissioners have been largely free to run their own publicity machines. That may be about to end.

### Ginancial Times 50 years ago

Aircraft Industry in Trouble Let me start this article by admitting that the aircraft industry has been, and maybe still is, in trouble. No industry can go through 21/2 years of planned and organised chaos without being somewhat battered in the proce However, it is time the aircraft industry was given its just accord, that its achievements were praised and not belittled. Rolls-Royce continue their triumphant way in aircraft engine manufacture, with further developments in jet engines. Their latest triumph is that Nene turbojet engines are to be made under licence in America. for the U.S. Navy's latest carrier-borne fighter, the Panther. Furthermore the Saunders-Roe SR/AL, a pure jet flying-boat fighter, the first of its kind in the world, is in production. Synthetic Rubber In The U.S.

Washington, March 19. The Senate Banking and Currency Committee has unanimously approved a Bill continuing Government production and control of synthetic rubber until June 1950. A radically different Bill was passed in by the House in February, and the differences will have to be Ironed out. The Senate Bill has the avowed purpose to get the Government out of the rubber business at the earliest practical date consistent with



# FINANCIAL TIMES

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FRIDAY MARCH 20 1998

THE LEX COLUMN

## Drilling pain

To the joy of oil bulls, Venezuela's economic pain threshold appears to be \$12-13 dollar per barrel. The rapidly rising economic and political costs of the nineyear low explain Caracas's calls yesterday for all oil producers - Opec and non-Opec alike - to cut oil output. After all, every dollar drop in the price costs Venezuela, Opec's main quota buster, \$1.1bn in gross revenue. While its squeals of pain may underpin the oil price at current levels, hopes that the dispute over market shares within Opec will settle quickly are probably misguided. Making such a resolution contingent on the good behaviour of non-Opec members suggests Venezuela is not

yet feeling enough pain.

None the less, if disagreement over production volumes and market share between Saudi Arabia and Venezuela continues, lower prices should in any case eventually boost demand. Furthermore, the 40 per cent fall in prices since last October has already started to depress investment in exploration and production, particularly by higher cost producers. This, in time, should result in the erosion of oversupply. At present rates of demand growth, the current oversupply of some 4 per cent of global consumption could be eroded in under two years. With producers under pressure at this price level, today's 48-cent rise will need to be followed by further increases for a new long-term equilibrium to be reached.

#### Axa-UAP

The virtues of domestic mergers in an oversupplied insurance industry were amply demonstrated yesterday by Axa-UAP. It is ahead of its self-imposed targets on earnings per share growth and return on equity; and merger savings are now forecast at FFr1.8bn (\$290m), up from FFr1.2bn-FFr1.5bn. Claude Bébéar, chairman, mentions profit as often as any of his Anglo-Saxon counterparts; even prestigious clients are turned away if the new policy will not pay. That said, Axa's style is to err on the conservative side in setting its goals. The deadline for a 15 per cent ROE remains a rather ill-defined

"medium term" aim. The group still has scope to bring the formerly state-owned UAP up to Axa efficiency levels, and to glean further economies of scale in asset management and Brent bland crude (\$ per barrel)

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earnings growth into the next millen-nium, it will need to fill some gaps. In Europe and the US, its problem - like that of its peers - is the high price of targets. Hence its talk yesterday of a window of opportunity in Japan. This contrasts with the combined moves made recently in France by Germany's Allianz, and in Germany - where Axa is under-represented by Italy's Generali.

Axa's route is to invest in a global brand to try to ride the internationalisa-tion of asset management. Closer to home, like Commercial Union/General Accident, it is keeping itself busy with achieving merger management, hoping others will make mistakes that cut their prices.

#### UK monetary policy

Can the Bank of England defeat inflation without also strangling exporters? The conventional answer is "no"; after all, the prospect of higher interest rates needed to contain inflation is driving sterling ever higher.

But there is one way the Bank's monetary policy committee (MPC) might just manage to have its cake and eat it. Why not announce - as New Zealand's central bank does - where it sees interest rates heading over the next year or so? The chances are that this would show an upward blip in the short run followed by a steady downward trend thereafter. At present, currency traders are irrationally focusing just on the likelihood that the next move in interest rates will be up. Faced with an official projection that they investment banks to reconsider their jealtechnology. But to secure 15 per cent would then fall, traders would find it ously guarded independence.

much harder to pump up the pound. Some MPC members are keen to make such forecasts, but there are also doubts. One is that the MPC might change its mind about the best path for interest rates. True, but that is hardly a knock-out objection; there is no shame in adapting policy to meet changing economic circumstances. In any case, it would make sense to publish a range of forecasts, like the MPC does for inflation, rather than a singie line.

Another worry is that MPC members might find it impossible to agree where interest rates are heading. After all, they are finding it hard enough to agree where they should be now. Again, the objection is not decisive; there is probably more consensus about next year than next

#### Chase Manhattan

It is an open secret that Chase Manhattan has been shopping for an investment bank. As a strategy that looks perfectly reasonable. Much of Chase's traditional banking business - taking deposits and making loans - is gradually withering. Investment banking, by contrast, offers opportunities for growth as well as fatter margins, particularly where equities and corporate finance advice are involved.

These, however, are precisely the areas where Chase is weak. And since building a worthwhile position in equity under-writing or M&A is time-consuming, an acquisition is the obvious alternative. Bagging Merrill Lynch, Goldman Sachs or even J.P. Morgan would surely be Chase's preferred choice - catapulting it straight into the superleague. The catch is that all have rejected Chase's advances. And the price tag would be huge: Merrill would cost more than \$30bn and J.P. Morgan close to that. While Chase, capitalised at nearly \$60bn, can probably afford them in a friendly deal, a hostile takeover would be all but impossible. It would probably

destroy value too, as the knives came out. Buying a second-tier firm like Donaldson, Lufkin and Jenrette or PaineWebber might seem an acceptable alternative. But that would still not guarantee Chase's entry to the superleague. So its best policy is probably to sit on its hands and hope a bear market forces even the big

# Japan trade surplus jumps 88% as imports collapse

#### By Paul Abrahams in Tokyo

Japan's politically contentious trade surplus jumped 88 per cent last month, compared with February

1997, as imports collapsed. Imports fell 15 per cent against the economy with "real" measures same mouth last year, the biggest worth between Y8,000hn (\$62bn) and same month last year, the biggest decline since May 1992.

The fall underlined the fragility of Japan's economy, which is expected tive for a US official to comment to post negative growth in gross publicly on Japan's economic meamestic product this financial year. the first year the economy will have contracted since 1974.

The sharp rise in the surplus is Tokyo from the US and other trading partners.

They have become increasingly alarmed by Japan's export boom and low level of imports. The trade surplus with the US in

February increased 32.9 per cent, and with the European Union 75 per

be becoming increasingly irritated by American pressure on the matter. This week Kunihiko Saito, Japanese ambassador in Washington, critic-

On Monday Gene Sperling, President Bill Clinton's top economic adviser, said Japan should boost the

Mr Saito said: "It is not construcsures, which the Japanese govern-ment has the right to decide on its

The government is expected to also expected to increase pressure on announce a package of economic measures next week.

It is unclear how much longer the Japanese economy can depend on exports to compensate for drooping domestic demand.

Despite the big increase in the trade surplus, exports in February rose only 2 per cent compared with the same month last year, held back by the Asian economic crisis.

Exports to Asia fell 11.9 per cent overall, with those to Korea falling 38 per cent, those to Thailand down 41 per cent, to Malaysia down 24 per

ised a White House official for spell- cent and to Indonesia down 56 per ing out how much Tokyo should cent. Asia accounts for about 35 per cent of Japan's total exports.

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Export growth was sustained by trade with the developed world. The growth of Japanese exports to the US slowed to only 7.2 per cent, but exports to Canada were up 20 per

Exports to the EU continued to expand rapidly, rising 17.5 per cent. Britain was among the fastest growing European markets for the Japanese, with exports up 23 per cent.

Imports were held back by the low price of oil, according to Peter Morgan, economist at HSBC James Capel in Tokyo.

Imports from every Asian country were down, with Malaysia. Vietnam and Indonesia suffering the biggest falls, down respectively 22 per cent, 23 per cent and 30 per cent.

• The Asian crisis hit US trade figures as imports flooded in and exports fell, according to figures released by the Commerce Department yesterday. The goods deficit rose \$1.1bn to \$18.8bn, a record high.

## Chubais launches fresh 'reform attack' but defends state role

A "spring reform attack" was ence of Russia's "oligarchs" over announced yesterday by Anatoly Chubais, Russia's first deputy prime minister, who said the government needed to bolster its finances and strengthen the state if it wanted to escape the Asian economic turmoil.

"The only way to protect Russia from the world financial turbulence is to be stronger, tougher, more aggressive on the reform-oriented policy conducted by the Russian government," he said. Mr Chubais, who appears to be reasserting his influence in the

Kremlin, said the government had a good chance of implementing a realistic budget this year, helping to eliminate the scourge of nonpayments in the economy. The government would also speed up privatisation, pursue a more

aggressive bankruptcy policy and protect property rights for Russian and foreign investors.

But in a meeting with foreign reporters, Mr Chubais also made an

said it was intolerable that the influstate security organs was greater

than the government's. He said the state must perform a More than half of what the state does it does badly, crudely, ineffectively or simply disgracefully." he

"Who will collect taxes apart from the state? Who will conduct antimonopoly policies apart from the state? Who will fight corruption apart from the state? Who will fight crime apart from the state?

"In all these spheres the situation is very far from good, very far from satisfactory. In these areas I support the strengthening of the state." Asserting his claims to be an eco-

nomic liberal, Mr Chubais emphasised that he did not wish to broaden the state's powers, as opposition parties demanded He said the state found it hard

ers. Kremlin officials said yesterday. enough to manage 1,500 companies

had run in Soviet times. The government would press ahead with its privatisation programme, he said, selling another 24 per cent of Svyazinvest, the national telecommunications company, and few basic functions properly rather probably a 75 per cent stake in Rosthan trying to do too much poorly. neft, the last big state-owned oil neft, the last big state-owned oil company.

Mr Chubais promised there would be no restrictions on foreign participation in the Rosneft privatisation. Although Mr Chubais accepted he had close relations with several powerful businessmen, he said this did

not prevent him from acting inde-

pendently. "I have a number of crony friends among these banks, but that does not mean that I will sell them something at the wrong price," he said. Boris Yeltsin, president, is still recovering from his respiratory infection but will definitely host a summit in Yekaterinburg next week with Jacques Chirac and Helmut Kohl, the French and German lead-

mpassioned argument for strength- let alone the 1.5m concerns that it Democracy at stake, Page 2

## CONTENTS

Bond futures and options Short term interest rates

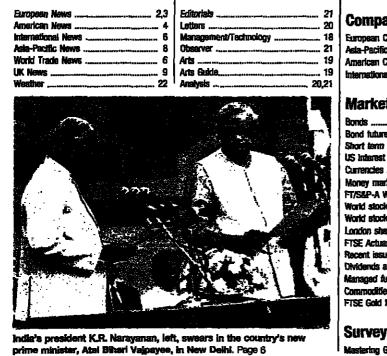
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### FT WEATHER GUIDE

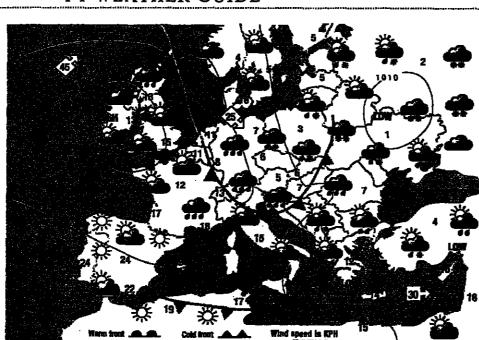
#### Eastern Europe will be wet and cold, with heavy rain followed by sunshine and wintry showers. The

**Europe today** 

eastern Mediterraneen will stay cool, with heavy showers or thunderstorms. There will be sunshine in the rest of the Central Europe will have rain, with snow in the Alps. The north-\ will be mostly dry, mild and bright but Scandinavia will have wintry Norway and the eastern Baltic coast. Temperatures will be above zero in most areas.

#### Five-day forecast

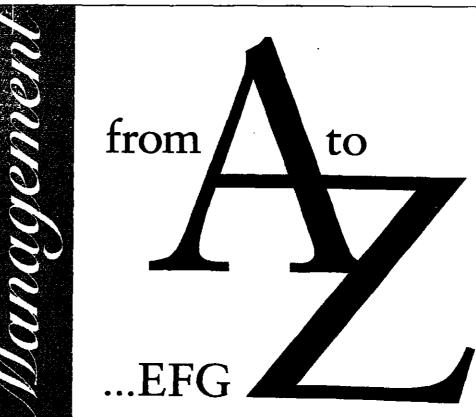
Thundary showers over the ea Mediterranean will clear, but return next week, and it will stay cold. There will be some heavy rain in the central Mediterranean, but the west will stay sunny. Eastern Europe and evia will have more wintry showers, but the north-west will



for day. Forecasts by "PA" WEATHERCENTRE TODAY'S TEMPERATURES

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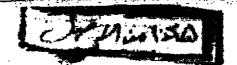
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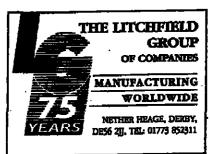
EFG PRIVATE BANK LIMITED IS REGULATED BY IMPO IN THE UK



state role

# **COMPANIES & MARKETS**

FRIDAY MARCH 20 1998



Ford arm to

pay \$615m

for lender

By Bethan Hutton in Tokyo and John Authors in New York

supermarket group, is to sell a

consumer finance company to Associates First Capital, one of

the largest US consumer lend-

Associates, a majority-owned

independent subsidiary of Ford

Motor, is to pay Y80bn (\$615m)

for Datei's 90 per cent stake in DIC Finance. The deal should

be finalised by May, shortly

after Ford's remaining shares

in Associates have been spun

off to Ford shareholders, an event planned for April 7.

Daiei said it would also be

ing companies.

the Japanese

in Japan

INSIDE

THE PROPERTY CONSULTANCY

Fidelity closes funds to new money Fidelity investments, the world's largest mutual fund manager, announced it was closing three of its biggest funds to new investors because of fears that the record flows of cash into the funds might damage their investment performance.

Germans seduced by cheaper calls Cheaper phone calls and new services are wooing customers in Germany's newly competitive telecommunications market away from Deutsche Telekom, the former state-owned monopoly. Page 25

Trouble brews in French utility



Less than a year after France's Compagnie de Suez merged with French utility Lyonnaise des Eaux. analysts are warning of a possible showdown between the new group and one of its prize 1996ts, Belgium's Tractebel, which is one of the world's fastest-growing power producers. Ana-

lysts say Tractebel's strategy, transformed in the past nine years under chief ecutive Baron Philippe Bodson (above), could put it doubts on on a collision course with its parent group. Page 26

Bonds dip in nervous session

Government bond markets closed lower in nervous trading after evidence of a rise in US inflation and an interest rate rise in Finland brought the possibility of generally higher rates into focus. Activity was subdued in both the cash and futures markets. Page 30

US regulator to review OTC trading The Commodity Futures Trading Commission, the US regulator for the futures industry, will consider whether its 1993 exemption for most "over-thecounter" derivatives needs revision, as part of a general review of OTC trading. Page 32

South Korean debt refinancing The strong response to South Korea's debt refinance ing programme should encourage rating agencies to upgrade the country's credit rating and pave the way

Schering revises governance rules Schering, the pharmaceuticals group, is the latest German company to announce corporate governance changes aimed at bringing the country's business practices in to line with global standards, Page 26

for its return to international capital markets. Page 30

Tomen targets shareholder value Tomen, Japan's seventh largest trading company, has adopted a radical restructuring programme aimed at transforming it from a sprawling and inefficient conglomerate into a tightty focused group with an Anglo-American zeal for maximising profits. Page 24

Drought hits Vietnam coffee crop Traders in Vietnam's main coffee-growing province of Daklak said a drought was starting to affect prospects for the current crop, although it was too early essment of damage. Page 32

#### COMPANIES IN THIS ISSUE

Aegon	26	HSBC	
Agusta	26	Hyundai Electronics	:
Alcatel Alsthom	23	ICICI	:
Ansaldo .	26	JP Morgan	1,24,
Assoc First Capital	23	Jardine Matheson	
Axe	26	LA Dodgers	
Axa-UAP	27	LG Electronics	:
Ayala Land	24	LG Info & Comms	:
BMW	28	LG Semicon	:
Banco Security	27	Lafarge	2
Bangkok Bank	24	Lasmo	
Barclays	27	Lockheed Martin	23,
Bodycote	29	Malev	
British Airways	8	Mannesmann Arcor	:
British-Borneo	9,29	Medusa	:
C&P Homes	24	Memili Lynch	1,5
CIC	26	National Westminste	r :
CME	27	New York Yankees	:
CSFB	27	News Corp	23,
Cablevision	23,27	Northrop Grumman	23,
Calpers	27	P&O Stena	
Cap Gernini	26	Pemex	
Cattles	29	PolyGram	
Chase Manhattan	1,27	Proteccion	2
Cheung Kong Infra	24	Provida	:
Cimpor	26	Providien	2
Compaq Computer	25	Renault VI	2
ConAgra	27	SBC	:
Credit Suisse	1,27	SGB	
Crédit Lyonnais	23	Samsung Electronics	; ;
DIC Finance	23	Schering	
DLJ	27		1
Dagwoo	-	Slemens Nixdorf	2
Daiei		Skoda Auto	3
Deutsche Bank		Southdown	2
Deutsche Telekom		Suez-Lyonnaise	
EdP	-	Sunbeam	1
Electrabel		Swissair	3
Elsag Bailey	26		2
Enterprise Oil	9		3
Ericsson		Tractebel	2
Espirito Santo		UBS	2
Finmeccanica	26		2
Flextech	9		2
Ford Motor		Ursus	_
GEC		Viag Interkom	2
GEC Aisthom		Vontobel	2
General Motors	9	Westland	2

CROSSWORD, Page 32

28 o.tel.o

1,27 Wharf (Holdings)

MARKET STATISTICS

Annual reserts service Banchmark Sovt bonds Bond tetures and option Bond prices and yields Dividends ennounced, UK EMS currency rates Eurobond prices Flood interest Indices 38 US Interest rates FTSE Gold Milines Index 30 World stock markets

36,37 FTSE Actuaries share Indices 38 Foreign exchange Gibts prices 30 London share service Managed funds service New Intl bond assues Recent issues. UK 30 Short-term int rate 39 Stock markets at a glance

# Alcatel shares rise on sell-off plan

By David Owen in Paris

Completion of the deal is expected before June when GEC Alsthom, a power joint venture between Alcatel and General Electric Company of the UK, is due to be floated.

to bring the conclusion of arrangements for the planned defence electronics alliance

Top-level

Lockheed

Northrop

By Alexander Nicoll,

aerospace group.

Defence Correspondent

takeover of

A senior US government

official yesterday cast further

doubt on Lockheed Martin's

proposed \$9bn takeover of

Northrop Grumman, the US

defence secretary, said under-

takings made by the two

defence contractors on pres-

"The companies offered a set of behavioural remedies," Mr

duct for purchasing compo-

assessments about whether

"Behavioural remedies in

our view aren't sufficient, and

frankly having the competitive

environment is preferable," Mr

As negotiations continued

between Lockheed and North-

rop Grumman on one side and

the Justice Department and

the Pentagon on the other, the

war of words between the two

ment was seeking "unprecedented divestitures" before approving the deal and that the Justice and Defence

departments would go to court to block it if the companies did not meet their demands by

Lockheed said it was also ready to go to court but would continue to negotiate.

everybody concerned some

more time to try to address the

issues and I expect that this

will happen within the next

The government has been considering whether to require

their electronics businesses,

which have annual sales of

Mr Hamre said the govern-

monopolies in some areas of

It was also worried about

handle all sensitive parts of a

The Pentagon's policy on

fostering consolidation of the

defence industry had not

changed. "We've always

wanted to encourage mergers

without threatening competi-

significant market concentra-

tion, especially in electronic

counter-measures, in which

the merged group would have

75-90 per cent of the market; in

The merger would produce

efficiencies, but also what Mr

Hamre called "management

"I think we've concluded

that the management chal-

lenges pose a greater risk than

we felt we could sustain given

the promise of savings."

airborne radar, undersea war-

fare and mine warfare.

But this merger would bring

contracting them out.

tion." he said.

challenges".

several days," she said.

about \$4bn.

electronics.

sides escalated in Washington. Lockheed said the govern-

eeking to exit.

Hamre said.

Monday.

nents for weapons systems.

merger were not sufficient.

Telecoms group to dispose of engineering activities

with Thomson-CSF, Aerospatiale and Dassault. The result will be a reshaping that enhances the compa-ny's telecoms focus and decon-

Serge Tchuruk, chairman of involving businesses with Alcatel, said: "1998 will be a FF125on (\$4on) in annual sales year extremely rich in events of all sorts for Alcatel."

Yesterday's developments came as the group announced a near 75 per cent improvement - from FFr2.7bn to FFr4.7bn - in annual net income, marginally above pre-

electronics analyst with Cholet-Dupont, said the market was responding in part to evidence that the group's restructuring plan was proceeding as expected.

He welcomed the decision on their "weak profitability" and "strong complementarities with GEC Alsthom".

was in spite of FFr500m of provisions registered "in light of the deteriorating crisis" in four south east Asian coun-

The company said the four countries concerned represented less than 5 per cent of 1997 group sales of FFr185.9hn, up from FFr162.1bn the previous year. Operating income climbed to

tries: Indonesia, Malaysia, the

Philippines and Thailand.

FFr8bn from FFr2.9bn, mainly due to the improved performance of the telecoms unit. FFr3.1bn on sales of FFr32.9bn, after a FFr1bn loss in 1996.

Cables and components edged up to FFr2.9bn on sales of FFr48.4bn.

Engineering and systems improved to FFr400m on sales of FFr27.9bn, after a FFr200m loss on sales of FFr22.4bn in

Under an agreement outlined in December, Alcatel and GEC will each retain 24 per cent in GEC Alsthom, with the remaining 52 per cent to be listed on the Paris, London and New York exchanges. It was estimated that the flo-

tation could value the company at \$6bn-\$7bn. A net dividend of FF111.50 is

proposed - up 15 per cent. This contributed income of Fully diluted earnings per share reached FFr29.13,

> repaid Y50bn which it had lent to the company. DIC Finance, based in Osaka, has 1,100 employees and 208 branches in Japan, making it the ninth largest Japanese consumer lender, according to Associates. After the acquisition, Associates will become the sixth largest finance company, and the largest foreign-owned consumer

> lender in Japan, with 3,000 employees, and net receivables of about \$4bn. Keith Hughes, Associates' chief executive, said: "DIC has an extensive branch distribution network, augmented by automated teller and contract machines, that will comple-

in Japan." GE Capital, the financial services arm of General Electric, is also developing its Japanese consumer finance business.

ment our existing operations

Daiei aims to reduce debt from Y2,600bn to Y1,000bn by the end of the 2001 financial year. It has already announced plans to float several companies and sell off assets. It is also restructuring its operations, and closing some supermarkets.

The shares in DIC Finance are held jointly by the two main listed companies in the Daiei group: Daiei Inc, the supermarket operator, and Daiei OMC, a consumer credit company. Daiei would not detail plans for the proceeds from the sale, but one likely target is to reduce bad loans at Daiei OMC.

This year Daiei Inc expects a pre-tax loss of Y25bn, compared with last year's pre-tax profit of Y591m. Daiei OMC last year posted a net loss of Y34bn, and expects a marginal net profit this year. Both companies are also taking heavy losses on their securities port-

Shares of Alcatel Alsthom surged above FFr1,000 for the first time yesterday after the French telecoms and engineering group announced plans to sell most of its engineering and systems activities to GEC Alsthom.

That month is also expected

solidates about FFr60bn from annual sales. vious estimates. Denis Branche, a Paris-based

His message was welcomed engineering and transport by the market. Shares in the company closed up FFr65, or 6.9 per cent, at FFr1009, after sweeping past the FFr1.000 mark in early afternoon. This compared with a modest 1 per cent advance for the benchmark CAC 40 index.

the Cegelec engineering and systems activities, pointing to

MAJOR LEAGUE TEAM WILL BOOST RUPERT MURDOCH'S FOX TV NETWORK IN RACE WITH DISNEY'S ESPN

Baseball backs \$300m sale of

LA Dodgers to **News Corp** 

By Christopher Parkes in Los Angeles

John Hamre, US deputy Rupert Murdoch's News York Mets abstained. Corporation yesterday took possession of the Los Angeles Dodgers after major league baseball's franchise owners erving competition after a nodded through his \$300m-plus carried the day". bid for the last family-owned team in the game.

The expected approval, seen Hamre said during a brief visit to London. The remedies consisted mainly of a code of conmedia corporations, was given soon after reports surfaced Although the Pentagon had "absolute confidence" in Lockheed's top executives, it would still have to make its own the New York Yankees.

News Corp's Fox television the merged group was making network, an aggressive group the side", as he said yesterday. the right purchasing choices. In US and international sports The O'Malley family, which This would give the Pentabroadcasting, already has contracts with 22 of the 30 major gon a role in management of programmes from which it was eague baseball teams. Control of the Dodgers, one

of the few teams known internationally, will play an important role in the company's challenge to Walt Disney's ESPN sports television arm. Despite an intervention by

Ted Turner, vice-chairman of Time Warner, which owns the Atlanta Braves, the owners gave overwhelming backing to votes against the sale came from the Atlanta Braves and Chicago White Sox. The New

Tom Schieffer, president of the Texas Rangers, said News Corp had been a good partner to baseball, "and that's what News Corp, while known for

its aggressive tactics in the marketplace, adopted a diploas a decisive stage in the shift matic approach to the of team ownership to large protracted process of buying the team. The new manage ment for example, is led by that Cablevision had moved to Bob Graziano, the team's fortighten its grip on New York mer executive vice-president, sports with a \$500m offer for and the former majority stakeholder, Peter O'Malley, will remain as chairman - "off to

had controlled the team since 1950, when it was the Brooklyn Dodgers, moved the franchise from New York in 1957 in a migration that took the national game coast-to-coast. It put it up for sale more than a year ago and quickly settled on News Corp, which offered an unprecedented price, as its

sole negotiating partner. News Corp's offer, compared with the previous record of \$178m for the Baltimore Ori-



David Cone pitching for the New York Yankees. Cablevision offered

already substantially in the grip of big business.

Walt Disney controls the Anaheim Angels and the Mighty Ducks hockey team; Tribune Co owns the Chicago Cubs and Cablevision has

bought New York's Madison

raised the stakes in a business Square Garden complex and two of its tenants, the Knicks basketball team and Rangers hockey squad.

George Steinbrenner, who owns 55 per cent of the New York Yankees, said there was "nothing definitive" in his talks with Cablevision.

## the Dodgers' deal. The only oles in 1993, immediately **Brussels brands** Crédit Lyonnais accounts 'illegal'

government would file suit to block the merger if no deal was reached "Wal-

A new dispute over Crédit Lyonnais erupted yesterday when the European Commission condemned as "illegal" the presentation of the French state-owned bank's 1997 accounts only minutes after they were published.

Jean Peyrelevade, Crédit both companies to dispose of Lyonnais' chairman, yesterday afternoon announced a sharp jump in net income last year to FFr1.1bn (\$180m) after special payments of FFr850m to ment was concerned about horizontal integration, with the French state which were the merger creating virtual agreed under its 1995 rescue plan. However, the figures had been adjusted to exclude the cost of a loan made at below market interest rates which vertical integration, with the the bank was forced to make merged group being able to as part of the plan. These were estimated at FFr3bn last year. weapons programme without

The bank's calculation anticipated changes in a revised rescue plan which is still the subject of discussion between the French government and the European Commission, but which officials had hoped to agree at least in outline ahead

of yesterday's results. Mr Peyrelevade stressed that the treatment "does not prejudice Brussels' decision" and had been approved by the bank's auditors. "I simply hope it will come before the agm in June." he said.

But Karel Van Miert, the European competition commissioner, issued a statement yesthat had not yet been approved was consequently illegal.

The dispute highlights the continued tensions as French and EU officials attempt to resolve their differences over changes to the largest state aid rescue plan ever examined by

The original rescue plan for Crédit Lyonnais was approved in 1995 and allowed state aid of up to FFr45bn. But the full extent of the bank's losses and the approach subsequently used to sell its rotten assets mean that the final cost to the taxpayer is likely to be at least twice that level.

But Mr Van Miert has taken an increasingly tough line in public towards the Crédit Lyonnais case, and expressed frustration at the way in which both the bank and the French government have handled negotiations.

Dominique Strauss-Kahn, France's economics, finance and industry minister, said yesterday morning that he hoped "a reasonable solution" over the revised plan would be agreed "within the next few

Disagreements are believed to remain over the quantity of Crédit Lyonnais' banking operations which must be sold in exchange for a revised plan, and the cap placed on additional state aid, the ultimate costs of which have been placed as high as FFr190bn.

Mr Peyrelevade said the bank was "mid-way" towards meeting an objective in the terday evening stating that previous plan of halving the removing the FFr3bn size of its "commercial presamounted to additional aid ence" in Europe outside France by the end of this year, by the Commission and which and said he expected that tar-





#### Together, we've turned disaster into success

In December 1994 funds managed by ECI Ventures invested £7.5 million to finance the management buy-out of the Guardian business from ICL plc.

In March 1998 Guardian iT became the first disaster recovery group to be publicly quoted on the London Stock Exchange, valued at £130 million.

Guardian iT is just one of a successful portfolio of computer services businesses to have been backed by ECI Ventures.



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# Jardine Matheson rise below expectations

Jardine Matheson, the Hong Kong-based conglomerate. yesterday announced 1997 US\$325m as plunging profits of the group, yesterday posted at Jardine Fleming and pro- a 36 per cent fall in net profits visions against Asia's economic turmoil sent results \$193.9m, writes Louise Lucas well below expectations.

Excluding exceptional items, profits fell 21 per cent to \$292m.

joint venture, saw profits ance sheet and recent after tax and minorities drop from \$82m to \$14m. The impact of the regional crisis on the conglomerate's engineering and construction businesses also hit results at the trading level.

Henry Keswick, chairman, warned the group would face had been taken to reduce its this year as a result of and that currency hedging

Cheung Kone Infrastructure.

the infrastructure arm of Li

Ka-shing's business empire,

yesterday reported an almost

threefold increase in net

profits last year, from

HK\$886m to HK\$2.41bn

HK\$1.68bn in contributions

from associated companies.

Last year was the first full

year of contributions from

Hongkong Electric, the

smaller of the territory's two

(US\$311m).

## Jardine Strategic Holdings slides 36% in year to US\$193.9m

Jardine Strategic Holdings, the net profits up 8 per cent at holding company and lynchpin last year from US\$301.9m to In Hong Kong.

Excluding non-recurring

restructuring would help the

group benefit from regional

and a warning of continued

difficult trading conditions

in 1998, the group said steps

costs at the investment bank

in Hongkong Electric had been held by Hutchison

Whampoa, the conglomerate.

rose 9.2 per cent to

HK\$1.06bn. The group,

which was spun off from

Cheung Kong, Mr Li's flag-

ship company, derives most

across the border grew

cent of profits.

China contributed 14 per

Last year CKI - one of

Hong Kong's biggest inves-

tors in China - committed

Operating profit at CKI

recovery.

Associates aid

profit surge at

**Cheung Kong** 

The results, in line with of its profits from Hong expectations, were lifted by Kong. In 1997, as investment

chiefly to closure costs at Dairy Farm, the food retailing arm, profits from the sale of the parent's life assurance business, and provisions

Items, profits fell 19 per cent

Non-recurring items related

assets after currency transla-

Funds under management

\$21bn at the end of 1996 to

\$17bn at the beginning of

1998, but the group pointed

to good performances across

its range of portfolios.

\$481m a year earlier.

Despite the sharp fall in at Jardine Fleming Invest-

profits at Jardine Fleming ment Management fell from

to \$257m.

investment in EON of Malaysia. The group said most of its husinesses had felt a "wide-ranging effect" from the Asian crisis, Including engineering and construction in

EON, the Malaysian motor

distributor, led to an excep-

The group said it would

tional charge of \$47m.

against the company's

assurance

36 per cent to 24.23 cents, or 19 per cent to 32.06 cents after non-recurring items. The dividend is held at 14.50 cents. iland, investment banking

Jardine Fleming, the the Asian downturn, but had protected its balance by a gain of \$130m on the nesses, strengthened our group's investment banking said the strength of its bal- sheet. At the end of 1997, net sale of Jardine Pacific's life management and disposed business, some of our peripheral businesses," said Alasdair Morrition were \$469m against although this was offset by provisions for regional investments. A provision "That puts us in a much stronger position once Asia against the fall in value of

throughout Asia and hotels in

Earnings per share dropped

Hong Kong and south-east

Jardine said its balance sheet, with gearing in low remain focused on Asia. double digits, would enable it to expand in core businesses. Last month, Dairy

recovers, as we are sure it

will."

took a 31 per cent stake in Hero, Indonesia's largest supermarket company. While Dairy Farm was a

bright spot, other divisions saw profits fall. Jardine Pacific, which includes consumer-related activities, saw profits from continuing operations slip 4 per cent to \$94m. Hongkong Land, the property arm, and Mandarin Oriental, the hotels division. both saw earnings fail sharply owing to the

regional downturn. Group turnover fell from son, managing director. \$11.61bn to \$11.52bn, while earnings per share rose from 51.63 cents to 55.95 cents. Excluding exceptionals, earnings fell 21 per cent to 50.28 cents.

A final dividend of 17.20 cents gives an unchanged payment for the year of 25



All smiles: Victor Li (right ) said group would benefit from higher infrastructure spending in Hong Kong Picture: Reuters

HK\$10.9bn. It now has 66 our financing capacity HK\$2.4bn and a net debt-to- increased infrastructure such projects in China.

Victor Li, chairman, said ling interest in Hongkong Electric had significantly

that acquiring the control- ity recurring income," he anticipate a big impact from

folio. "More importantly, It has on cash on hand of ture investment and 32 cents.

has been enhanced with a equity ratio of under 4 per spending in Hong Konglarger capital base and qual- cent and Mr Li does not the Asian financial crisis, in The group is well placed to the light of China's increas- annual dividend payout is to

Earnings per share for the year rose 53 per cent from 75 cents to HK\$1.15, and the expanded CKT's power port- exploit further opportunities. ing demand for infrastruc- be doubled, from 16 cents to

NEWS DIGEST

THAILAND

## Bangkok Bank opts for share offer to raise capital

Bangkok Bank, Thailand's largest commercial bank, yesterday said it would initiate an capital raising programme by selling 400m new shares to international investors. The bank's registered

capital will increase by Bt4bn to Bt14bn (\$341m). Chatri Sophonpanich, executive chairman, said: "In light of the impact of the currency devaluation and slowdown in the economy this year, we believe it is prudent for the bank to raise additional capital to strengthen our financial position."

The bank said it had appointed Morgan Stanley Dean Witter as the global co-ordinator for the share offering, which is expected.

The capital raising plan had been expected but the method had to begin in April. been unclear. Bengkok Bank has chosen to follow its main competitor, Thai Farmers Bank, in trying to raise new capital directly

through the international markets rather than via a rights issue or a private placement with a minority partner. Analysts sald Bangkok Bank might still have to resort to a rights issue and/or a private placement, as the amount raised with 400m new shares might not be enough to keep the bank's capital position strong. If the bank sells the new shares at yester-

day's foreign share closing price of Bt119, it would raise Brokers Perioas Asia estimates that Bangkok Bank will need to raise Bt61bn. In addition, the 31 per cent premium at which foreign shares of Bangkok Bank trade relative to domestic shares could shrink because of the increased amount of foreign shares

All 15 commercial banks in Thailand have now announced or implemented capital raising plans. The banks are under pressure from the country's central bank to raise capital to make hefty new provisions necessary to protect the banks from growing bad. debt. The central bank will make an announcement later this month that will tighten provisioning rules over the next two years. Ted Bardacke, Bangkok

PHILIPPINES PROPERTY

### Ayala takes C&P Homes stake

Ayala Land, the Philippines' leading property group, will acquire a 38.4 per cent stake in C&P Homes, the country's largest homebuilder, through a share swap valued at about 3.6bn pesos (\$92m). Each company has more than 3,000 ha nationwide. Ayala Land will exchange 208m new shares at 17.24 peso each for 1.6bn C&P Homes shares at 2.25 pesos each held by Fine Properties, the holding company of the Villar Group. Once the acquisition is complete, Ayala Land will have three of the seven seats on the board of C&P flornes.

Manuel Villar, C&P Homes chairman, said the tie-up would allow C&P Homes to cope with economic difficulties. "We welcome working with the Ayala Group, especially the opportunity to tap Ayala Land's broad range of resources and capabilities," he said. Hazel Flores, of Orion Squire Securities, said Ayala Land decided to take a low-cost housing developer under its wings as it was having difficulty serving that market segment itself.

## electricity suppliers, follow- HK\$4.3bn to investments in ing the restructuring of Mr mainland infrastructure pro-Li's businesses in 1996. Pre- jects, bringing the total to A SEAT IN STOCKHOLM, FOR THE COMPANY THAT NEVER SITS BACK of the dynamic and rapidly faster and altogether more efficient dealing service. + 44 171 247 2983. And take dvantage of our seating plan. TIR SECURITIES

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(me "votes")

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Terms and Conditions of the Notes, the Issuer will redeem all Notes at their principal amount together with the accrued interest to the next Interest Payment Date, April 21st, 1998 (the "Redemption Dare") when interest on the Notes shall cease to accrue.

when miterest of the votes shall cease to accrue.

Payment of principal and interest will be made against surrender of the Notes and Coupous at the specified offices of any of the Paying Agents listed below. Each Note should be presented for payment together with all mmatured Coupous appertaining thereto. Such immatured Coupous (whether or not attached thereto) shall become void and no payment shall be made in respect thereof.

Neces will become void unless appeared for payment within ten

Notes will become void unless presented for payment within ten years and Coupons within five years from their respective relevant dates, as defined in Condition 8 of the Terms and Conditions of the Notes.

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## From noodles and rockets to shareholder value

Japanese trading group Tomen is focusing its interests to increase profitability, writes Michiyo Nakamoto

easily in Japan. But when it comes, it is often with surprising speed. Witness Tomen, Japan's seventh largest trading company, which has just adopted a restructuring programme that is radical by Japanese standards.

The programme, unveiled last week, aims to transform Tomen within two years from a sprawling and inefficient conglomerate into a tightly focused group with an Anglo-American zeal for maximising profits. Global competition is the

spur, executives say. "This is a survival plan," says Takeshige Yuzo, managing direc-

At first glance, Tomen does not appear in danger of crumbling in the face of global competition. It is the Japan and 40th in the world by sales volume. With 400 subsidiaries in more than 60 countries, the general placed to compete in the global economy.

Although it may be only nine giant trading companies, projected group sales of Y5,400bn (\$41.5bn) are hardly trifling.

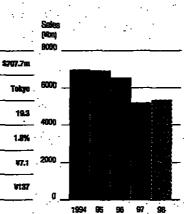
As a trading company. Tomen has long been preoccupied with following other Japanese companies in the same business. These are involved in everything from responsibilities unclear. infrastructure development to food processing and finanof size and market share has been an overriding objective.

Tomen has sought to have a range of operations as that "focuses strictly on impressive as its larger profitability". competitors. Business decisions have its exposure to, or pull out years. therefore been dictated more of, businesses in which it 17th largest company in by what other trading companies were doing, or by what existing customers were asking for, than by the expected profitability of a

trading company seems well particular business. "In the past we set up a steel division simply because we had relations with steel compathe seventh among Japan's nies," Mr Takeshige says. Profitability was a secondary consideration, s a result, Tomen

became over-extended and inefficient. The consensus-based, bottom-up management system meant that decisions were slow and But Tomen now recognises that "it must now compete

cial services, and the pursuit in an international arena in which the creation of long-term shareholder value Although much smaller is the only assurance of conthan Mitsui, which expects tinued success". Its restructrevenues of Y17,000bn, or uring plan aims to change Mitsubishi, which forecasts completely the corporate



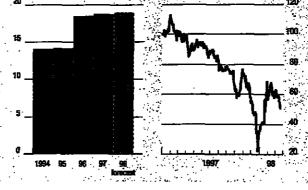
new management structure its 78-year history. It is also

To that end, it will reduce does not have market leadership. It will instead focus on four main areas: independent power production, agricultural chemicals, food processing telecommunications.

That will involve consolidating or divesting about 50 affiliated companies, "The era in which trading companies handle everything from ramen [noodles] to rockets is over," Mr Takeshige says.

Tomen aims to generate 80 per cent of its recurring profits from these four areas, which at present provide it with just over 40 per cent in profits. The company's return on equity is expected to improve from 4.2 per cent to 12.6 per cent by the year to March 2000.

As part of its new-found mission to pursue sharebolder value, Tomen is setting up an investor relations group revenues of Y16,000hn, mindset and to implement a section for the first time in shige.



adopting accounting pracdards within the next two

Liabilities will be reduced identified about 10 affiliates for possible public listings.

Meanwhile, the corporate structure is being streamlined to reduce Tomen's high costs and to speed decisionmaking. The number of directors will be cut from 38 to 10 and 400 positions will be eliminated.

Lifetime employment and seniority will no longer be assured and many overseas subsidiaries will see their Japanese managers replaced by locally hired experts.

but they strike at the heart of tradition-bound Japanese companies. For example, Japanese men are still very foreigner, says Mr Take-

downturn in the share price last year to Y55, and a Y24bn write-down of cumulative losses stemming from portfolio investments, served by Y200bn over the next two as shock therapy and helped years through the liquida- to overcome internal tion of securities, property resistance to change. The and other financial invest- appointment of a new ments. The company has president, Akihiro Tsuji, last year also helped.

In Tomen's case, a sharp

relative to the Topic Index

s a result of its write-down, Tomen will report a group net loss of Y19bn and pass its dividend this year for the first time in more than 40 years. The embarrassment of having to miss its payout was instrumental in creating the sense of urgency needed to take such unprecedented restructuring steps.

Nevertheless, it will take time for the importance of Such changes may strike profits and shareholder westerners as hardly radical, returns to take hold in a returns to take hold in a traditional Japanese company. However, as Mr Takeshige says, "the reality is that we must accept the resistant to working under a Anglo-American system. Otherwise we will not be able to survive."

## **Eurrency losses hit Samsung Electronics** for 1997 if the government semiconductor sales to a profit of Won91.1bn in 1996, reflected increased exports

in Secuti

Samsung Electronics, South Korea's biggest electronics company, reported that 1997 net earnings fell 25 per cent to Won123.5bn (\$83m) owing to losses on foreign debt as the Korean currency fell 50 per cent against the US

dollar. Samsung was vulnerable global glut. according to the Korean stock exchange, it had the largest debt of any listed Korean company last year.

memory chip fell from \$8 to

had not changed accounting remain flat rules, allowing companies to avoid reporting most foreign Won18,500bn as a result of exchange losses on their strong demand for telecom-

profit and loss statements. munications equipment, Samsung also lengthened which accounts for a quarter its depreciation period to of total revenue. Samsung boost earnings. also produces consumer elec-Earnings were hurt by tronics products. continued weak prices for The company said it

memory chips, of which planned to cut 1,000 jobs this Samsung is the world's bigmonth, or 2 per cent of its to rising interest costs as, gest producer, because of a workforce, through early mobile telephones. retirement - one of the big-The average price of Samgest mass redundancies in sung's mainstay 16-megabit Korea

LG Semicon, Samsung's below \$3 at the end of 1996, main memory chip rival, Won91.6bm as sales rose 23 Analysts said Samsung which eliminated profit mar-reported a loss of per cent to Won9,200bn. It Won3,860bn on increased would have reported a loss gins and caused the group's Won289.7bn, compared with said that the profit rise exports.

because of currency losses Sales rose by 17 per cent to on its foreign debt. However, two other LG electronics businesses reported a rise in profits. LG Information & Commu-

nications, which makes telecommunications equipment, saw a 101 per cent rise in net profits to Won66.2bn on the back of strong demand in the domestic market for

LG Electronics, the increase 41 per cent to rates.

of CD Roms and air conditioners. Hyundai Electronics, Korea's third ranked mem-

ory chipmaker, fell into a loss of Won183.5bn from a profit of Won71.1bn in 1996 because of higher interest costs on its foreign debt. Daewoo Electronics, the

Korean consumer electronics producer, reported a 14 per cent decline in earnings to Won41.5bn, which it blamed group's consumer electron- on the currency depreciation ics unit, saw earnings and a rise in local interest

Its sales rose 8 per cent to

## Banks end Indian ioint ventures

By Krishna Guba in Romba

J.P. Morgan, the US bank, and HSBC, the UK-based international banking group, ventures following differences with their local partners over strategy and investment. The banks will now take full managerial control of their operations in

the country. J.P. Morgan is pulling out of its five-year-old venture with Industrial Credit and Investment Corporation of India, the country's second biggest financial institution. The US bank said it wanted "direct control" of its activities and would soon "set up shop on its own" in India. ICICI will buy out

J.P. Morgan's 39.66 per cent stake in the joint venture, ICICI Securities and Finance, for Rs800m (\$20.2m). Earlier, HSBC announced

it was buying out its partners in HSBC Batlivala and Karani, its Indian stockbroking joint venture, for \$16m. HSBC will take full management control of the business, though it will sell the 49 per cent stake held by its partners to other local investors. In both cases the divorce was prompted by differences

in strategy between the global bank and its local partner. "J.P. Morgan tends to want to service sophisticated blue-chip clients, whereas ICICI, with its development finance roots, also caters to small and medium-sized companies," said a senior J.P. Morgan banker, adding that this had resulted in a "two-tier firm".

The US bank also balked at the cost of investing heavily in technology and training in a business in which it held only a minority stake. It now plans to invest up to \$80m in India, focusing on debt, although it will maintain a private equity business. HSBC said its partners

wanted the joint venture to be profitable from day one", while HSBC was content to 'take a 10 or 20-year view". J.P. Morgan and HSBC have broken the trend for global banks to seek local partners in India. Last month Nomura Securities of Japan signed a joint venture with Unit Trust of India. Morgan Stanley, Merrill Lynch and Goldman Sachs

also operate in the country through joint ventures.

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By Paul Taylor

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# Compaq eyes small business market

kok Bank opts for

Bankse

Indian

joint

a day in the

lier this month.

Computer chief executive, to do with the flood of subtive in recent months. \$1,000 computers that are taking a growing share of the profit warning that sent had been caught off-guard by

He emphasised that the that the market in the US profit warning had "nothing had become more competi-

the US consumer PC market. the industry leaders includ-Instead, he said Compaq ing Compaq and its main The Compaq chief execurivals, International Business Machines, Dell Computer and Hewlett-

the 40 per cent to 50 per cent has said it wants to complete high-performance enterprise rates chalked up last year, the acquisition in the second but be expressed confidence This had been reflected in in the overall outlook includsharp price reductions by ing sales in Europe which he

Compaq, which is buying

be possible to complete the Mr Pfeiffer also underlined

to continue the development

systems.

Continuing

the market for personal computer microprocessors. However, its high-end Merced microprocessor is

have. Mannesmann mobil-

funk - Arcor's mobile tele-

phone sister company - yes-

terday unveiled plans to

offer business clients a "uni-

versal number" service from

May 1. Under the system, "intelligent" switching

would automatically seek to

find the customer on the

mobile, at home or the

office. Earlier in the week,

Deutsche Telekom said it

would offer a fixed line and

mobile "personal communi-

cations service" from Octo-

Meanwhile, competition to

provide internet access ser-

vices is heating up. Rivals

are watching closely plans

by Deutsche Telekom to

offer "tourist price" tele-

phony, which uses the inter-

net to cut dramatically the

cost of long distance calls for

users such as students. Deut-

## SNI seeks US expansion to raise stature

By Paul Taylor

Stemens Nixdorf Information systems needs to expand its business in the US - if necessary through acquisition - if it is to be taken seriously as one of the top tier of global computer companies, Gerhard Schulmeyer, president and chief executive of the European IT group, said vesterday.

Mr Schulmeyer said that expanding SNI's presence in the North American market was the main challenge he faces before he steps down as chief executive in a year's

time. Over the past four years Mr Schulmeyer transformed the once sleepy and bureaucratic German computer group into a competitive full range computer systems services company and Europe's leading indigenous computer manufacturer, with revenues

balanced between products

and services.

generating one-third of its revenues in Germany, one-third from the rest of Europe and one-third from elsewhere. Figures released yesterday

show that Germany accounted for 55 per cent of revenues in the first five months of the current fiscal year, down from 62 per cent a year earlier. Revenues from the rest of

Europe now represent 37 per

cent of the total, while

revenues from outside the region only account for 8 per cent. "Where I still have a headache is in North America." Mr Schulmeyer

said yesterday. "I think I will have to look at mergers or acquisitions, but prices are very

expensive." Mr Schulmeyer said yesterday that since the start of October, new orders had increased by 14 per cent to DM6.7bn (\$3.66bn) and sales had grown by 11 per cent to DM6.2bn\_ compared with the He set SNI the target of same period last year.

## Ericsson revises mobile forecasts

By Greg Mctvor in Stockholm

Ericsson, the Swedish pound growth of 27 per cent telecommunications group, vesterday said the world mobile telephone market expectations for growth in would grow faster than forecast into the next century. Announcing an upward revision in its subscriber growth forecasts, Ericsson predicted the number of cellular subscribers globally would grow from almost 207m at the end of 1997 to 605m by 2002, up from 590m previously anticipated.

Ericsson, the world's thirdlargest supplier of cellular handsets after Motorola of the US and Finland's Nokia, tions to exceed 830m by the end of 2003, an annual comfrom the start of 1998.

Ericsson downgraded its Asia-Pacific due to the economic turmoil there, saying it would not overtake North America as the world's largest market for cellular phones until 2002.

It said western Europe, which had 57m subscribers in 1997, would surpass North America, which had 60m subscribers, as the world's

biggest market during 1998. Ericsson suggested mobile penetration levels would rise to 60 per cent in Japan by

# Mr Pfeiffer acknowledged paq to continue to grow at computer services supplier, use the chips to power

Eckhard Pfeiffer. Compaq yesterday blamed "a back-up of inventory" in the US and more competition in the corporate computer market for

Mr Pfeiffer was speaking few months of this year. "We as the US computer group found we had more invenunveiled a new strategy tory backed up in the chanaimed at extending its sales nel than we expected," he in the small and medium- said.

Compaq's shares sliding ear- a slowdown in the US commercial market in the first

Packard. "A lot of people are chas-

ing market share," he said.

tive said he hoped the Digital Equipment would be approved shortly.

Mr Pfeiffer also said it Digital to build its position would be difficult for Com- as a full-range computer and of the Alpha range and to for several years.

quarter of this year. However, Mr Pfeiffer said yesterday he hoped it would

deal in April or May. group's proposed multi- his commitment to Digital's billion dollar acquisition of Alpha microprocessor technology, saying that provided the deal went through, Compaq intended

development of Alpha technology would also provide Compaq with an alternative chtp platform to Intel's microprocessors. Intel currently dominates

# Price cuts ring in new era for telecoms

Cheaper calls and new services woo German customers away from former monopoly Deutsche Telekom, writes Raiph Atkins

fter all the pre-race hype, Germany's new private telecommunications companies are off the starting block. "Now they have to be in the stadium, actually running," says Ron Sommer, chief executive of Deutsche Telekom, the former fully stateowned telecommunications giant. Since January 1, Deutsche Telekom has faced full competition in its domestic market.

This week the earliest entrants have passed the first milestones. The Cebit information technology fair in Hanover has seen the new competitors out to prove their fitness in a fiercely

competitive contest Mannesmann Arcor, which stole a lead on its rivals by launching its private customer service on New Year's day, yesterday announced price cuts of up to 30 per cent off the cost of calls.

It said about 5m minutes

carried on its networks each summer, now reckons its day - half from private customers. Accor is owned by have at least 200,000 custom-Deutsche Bahn, the railway ers before the end of the operator, and a consortium year. led by the Mannesmann conglomerate in Düsseldorf. But others are not far behind. defying expectations and O.tel.o, backed by the Veba and RWE conglomerates, the new services. But that launched its public voice services on March 11. It is on late into long-term contracts. track to sign up several hun- As Hans-Burghardt Zier-



For Sommer, chief executive 20 uteringes include France Tel which it is considering a stare aways, Sprint group of the US. Mobile telephone links T-Mobile ates Di network.

Similarly, customer projec-

tions have been raised by

Munich-based conglomerate,

British Telecommunications,

fixed line business could

The upbeat messages sug-

gest German consumers are

experimenting widely with

executive.

Harald Stillner, chalcoan BR AICOF

and Air rouch. Mobile belenhage info water

y may use calling operator. Foreign a shareholders include AT&T, Linistores a shareholders include AT&T, Linistores

"What matters is the sort of customers you have. You want customers who really Viag Interkom, a joint venuse the telephone - not just

ture between Viag, the test." From the Cebit exhibition. it is clear that the competiand Telenor of Norway. Viag tors see success depending Interkom, which rolls out its on a number of factors. Price of conversations were being new services from early is the most obvious - before Arcor's announcement. Deutsche Telekom had already said it would be making further price cuts. on top of reductions introduced from March 1. Service standards are also crucial, with Deutsche Telekom image as an unlovable for-

does not necessarily transmer state monopoly. tion is transforming the eco- reselling telephone services dred thousand private cusmann, the Viag Interkom nomics and sophistication of to customers tomers by the end of this director with responsibility the German telecoms mar-

year, says Ulf Bohla, chief for private customers, says: ket, and accelerating the infrastructure to serve not convergence of mobile and traditional fixed-line telephone businesses.

Detted by Vebs and RME, the one

industrial conglomerates. Foreign performs still in regotiations with BellSconti of the US. Mobile

one tak name 80.25 per cent of 6-Plus.

he amount spent by the main competitors in building their own networks has been crucial. O.tel.o. for instance, will have invested DM7bn (\$3.83bn) by 2005 building a network that will rely largely on cables piggybacked on its parent companies' electricity grids. Alex Stadler, who has responsibility for o.tel.o's network, says that gives the group an edge scrambling to correct its over the plethora of smaller service providers that have developed niches in leasing But the scale of competi- lines at attractive rates and

O.tel.o can use its own

just private clients, but also large business clients wanting direct links, and those seeking to lease lines. As a result, the unit costs will be lower than those of the resellers, says Mr Stadler.

Viag intertoon Owned by Viag, the Moulch-L

By setting out to become full service providers, Deutsche Telekom's rivals can also take advantage quickly of technological innovation. At Viag Interkom, the emphasis is on building a service from scratch that will eventually fully combine fixed and mobile services. Customers would use one service at home and out-

But by the time Viag Interkom begins its integrated services next year, it is unclear how strong a competitive advantage it would

sche Telekom is the first of the large international telecommunications groups to offer such a service. Who will be the winners in

the race for new customers? Mr Sommer of Deutsche Telekom said he was "satisfied" with how his group's customer numbers held up in the first two months of the year. As a percentage of Deutsche Telekom's total, the call minutes lost to others so far is tiny. But companies such as Arcor are not looking to break even until

long-distance race."

early next century. As Mr Sommer says: "It is a expected mobile subscrip- the end of 2003.



#### AssiDomän

## **Annual General Meeting**

Notice is hereby given to shareholders in AssiDomān AB (publ) that the Annual General Meeting of the Company will be held at 4 p.m. on Tuesday, April 7, 1998, at the Stockholm Globe Arena Annex. Access via Entrances 1 and 2.

NOTIFICATION, ETC.

Shareholders who wish to participate in the Annual

General Meeting shall be entered in the register of shareholders maintained by Värdepapperscentralen VPC AB (VPC) by Friday, March 27, 1998. notify the Company no later than 4 p.m. on

Thursday, April 2, 1998. Notification of intention to participate in the Annual General Meeting may be made by telephoning +46 8 655 90 00 or by fax +46 8 655 94 17, or in writing to AssiDoman AB, Legal Affairs, 5-105 22 Stockholm Sweden. Notification may also be made by e-mail to

When giving notice of participation, shareholders should state their name, personal or company registration number, address and telephone number. Shareholders whose shares are registered in the name of a nominee through a bank or securities institute, must no later than March 27, 1998, temporarily re-register their shares with VPC in their own name in order to be able to participate in the Annual General Meeting. Applications for such reregistration should be submitted well before March 27,

AssiDomān will confirm receipt of notification by sending an admission card which should be shown at the entrance to the Globe Arena Annex.

'n

1. Opening of Meeting and election of a chairman for

Drawing up and approval of the list of voters. Election of two persons to approve the minutes of the Meeting together with the Chairman. Decision that the Meeting has been duly convened.

Presentation of the Annual Report and the Auditors' Report, and the Consolidated Financial Statements and Auditors' Report on these state-6. Decision to adopt the profit and less account and balance sheet and the consolidated profit and loss

account and balance sheet. Decision concerning the treatment of the Company's unappropriated earnings in accordance

with the adopted balance sheet. 8. Decision to discharge the Board of Directors and the President from liability for the financial year. Decision concerning the number of members and

deputy members of the Board. 10. Decision concerning the number of auditors and deputy auditors. 11. Decision concerning fees to be paid to the Board. 12. Decision concerning auditors' fees.

13. Election of members and deputy members of the

14. Election of auditors and deputy auditors. 15. The proposal by the Board to amend Section 2 of the Articles of Association to read as follows: "The Company's Board shall have its registered office in Stockholm, Shareholders' Meetings may also be held in the following municipalities: Norrköping, Piteä, Soina and Orebro".

PROPOSED RESOLUTIONS

Shareholders who together represent approximately 59% of the total number of votes in the Company, have notified their intention to make the following recommendations at the Annual General Meeting, with regard to items 9-14 on the above Agenda:

Nine members and no deputy members. ttem 9. Item 10. Two auditors and two deputy auditors. Item 11. It is proposed that fees to the Board shall amount to SEK 1,070,000 to be divided by the Board among those board members elected by the Annual General Meeting who are not

permanent employees of the Company. Item 12. Compensation against invoiced fees and Item 13. Re-election of Board members Lennart Ahlgren, Hans Carlsson, Annika Christiansson, Bo Dockered, Matts Ekman, Ingrid Flory, Olof

Lund, Anna-Stina Nordmark-Nilsson and Per Tegnér. Re-election of auditors Thomas Jansson and Stefan Holmström with Anders Holm and Owe Wallinder as deputies, all KPMG Bohlins AB.

The Board proposes that a dividend of SEK 5.50 per share be paid. The record date for entitlement to dividend is proposed as Tuesday, April 14, 1998. Provided that the Annual General Meeting resolves in accordance with this proposal, distribution of the dividend by VPC is expected to be made on Tuesday. April 21, 1998.

PROGRAMME FOR SHAREHOLDERS

Doors open to the Stockholm Globe Arena 2 p.m. 2 - 3.30 p.m. Light refreshments will be served. Doors open to the Meeting venue. 3.30 p.m. Opening of the Annual General Meeting. 4 p.m.

> Stockholm, March 1998 AssiDomān (publ) The Board of Directors

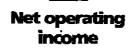
AssiDomán AB (publ), 5E-105 22 Stockholm, Sweden, Tel: +46 8-655 90 00. Fax: +46 8-655 94 01. Internet homepage: http://www.asdo.se

## 1997 GROUP EARNINGS UP 33% **AND STRONG OUTLOOK FOR 1998**

world leader in construction materials, Lafarge holds top-ranking positions in all six of its core businesses: cement, readymix concrete, aggregates, gypsum, specialty products and roofing.

Lafarge employs 65,000 people and generates annual sales of FRF, 61.5 billion. It is committed to the development of construction materials which bring greater comfort, aesthetic appeal and safety to our everyday lives.

+ 35 %



+ 32 %

Net earnings **Group share** 

Net earnings per share

+ 33 %

SHARP RISE IN NET INCOME

5,630 million French francs (+35%).

All areas of business had higher

operating income, mainly as a

Sales increased by 19.3%, to 42 billion French francs. Net operating income reached

result of the following: in Western Europe, improved

sales and steady prices;

an increase in prices:

the strong economic growth in the United States and a continuing recovery in Canada, together with

# the growth of most markets in the emerging countries (Newly Industrialized Countries, Central and Eastern Europe);

m the continuation of cost control

Net earnings (Group share) reached 2,432 million French francs (+ 32%). Net earnings per share rose to 27.2 French francs (+ 33%). These increases are the highest in

ten years.

A proposal will be made at the General Shareholders' Meeting to increase the dividend to 11 French francs, i.e. 16.50 French francs including the tax credit (+ 10%).

http://www.lafarge.com

**STRONG OUTLOOK FOR 1998** 

In addition to the strong increase in sales and earnings, 1997 also featured the successful acquisition of Redland, which is not included in the 1997 accounts, and which would have boosted Lafarge's 1997 consolidated sales to 61.5 billion French francs.

This acquisition allows Lafarge to strengthen its world leadership in construction materials, and in particular to expand its range of activities into roofing. it will have a positive impact on net earnings per share in 1998.

To provide itself with the financial resources required for growth, Lafarge has decided to increase its capital by around three billion French francs through an issue of shares with preferential subscription rights. "Lafarge", declared Bertrand COLLOMB, Chairman and Chief Executive Officer, "will thereby have the increased resources to conduct its profitable growth strategy. especially in emerging market countries. By pursuing our competitiveness and development programs. and thanks to the general trends exhibited in our markets and the highly positive effect of integrating Redland, our income should continue to grow in 1998". Furthermore, Bertrand COLLOMB also pointed out that "the Asian crisis will not have a significant impact on the Group's profits".

AFARGE

Materials for building our world

# Axa sees opportunities in Asian crisis

By Andrew Jack in Paris

Ava. the France-based insurance giant that last year merged with its rival UAP, is considering acquisitions in Japan and South Korea in the wake of the their domestic markets, seen several acquisitions in Asian economic crisis.

said yesterday the countries in the region were in disartime. We will see if we can against foreign companies.

the most lucrative, as their from the high proportion of announced last month. business concentrated in

Axa executives consider been studying the recent

Mr Bebear, who has over tax returns," he said. They say they must act the past decade, including Claude Bébéar, chairman, swiftly while companies in control of Equitable in the the region seek additional US and National Mutual in capital to refinance them- Australia, said other regions ray. "There is an opportu- selves - and before any where he was considering nity. It will not last a long nationalistic backlash purchases included Latin America. Poland and the The French group has Czech Republic.

He ruled out acquisitions torical roots in the mutual lending, Japanese and South Korean activities of GE Capital. in North America or Europe companies to be potentially notably its joint venture for at present, saying prices the sale of life assurance in were too high. "We don't see However, given its strength ally offered by banks. economies have suffered Japan with Toho Mutual how we could achieve our and large market capitalisaobjective of 15 per cent post- tion, he said he could envis-

> more than doubled net the mutuals is held, with the income to FFr7.9bn (\$1.29bn) quoted Axa company. Finaxa for 1997, up from FFr3.8bn. Turnover rose 9 per cent to FFr365bn, and assets under management 16 per cent to FFr3.020bn. Mr Bébéar said Axa's his- development of consumer Lex, Page 22

was considering expanding next month. in financial services with

cent of the shares.

essential to its development.

age merging Finaxa, through

shorter-term insurance sector had been savings products and other specialist services tradition-Axa is undertaking an

ambitious worldwide advertising campaign designed to The plans emerged as Axa which the residual stake of raise the profile of its name. The joint venture in Aus-

tralia between National Mutual and Land Lease, forand the mutuals hold 25 per mally proposed in September last year, should be agreed He also indicated that Axa

## Jewel in crown may become thorn in the side

French utility Suez-Lyonnaise could be on a collision course with its prize asset, Belgian subsidiary Tractebel, writes Neil Buckley Less than a year after BFr15.5bn and BFr17bn

France's Compagnie de Suez (\$411m-\$451m). merged with French utility possible showdown between the new group and Bel-On the surface, all seems

well. In the nine years since the ebullient Baron Philippe executive. Tractebel has transformed itself from ragpany into one of the world's merge with Electrabel - of fastest-growing - and most power producers.

Generating capacity out- more than BFr600bn. side Belgium - more than 11.000MW in 16 countries is fast approaching that in its home market of 14,000MW, where its subsidiary, Electrabel, produces dilute Suez-Lyonnaise's 93 per cent of Belgium's elec- stake below 50 per cent.

announced today, will demonstrate the extent to which gian industrial jewel, with

So why may Mr Bodson group Lyonnaise des Eaux, face more questions today analysts are warning of a about the group's shareholders than its activities? Because analysts warn its gium's Tractebel, one of its strategy could put it on a collision course with its ultimate parents.

Tractebel, they say, is key to Suez-Lyonnaise's aim to Bodson took over as chief become the world's leading "multi-utility". The Belgian group, on the bag financial holding com- other hand, would like to

which it currently owns 39 international - independent per cent - to create a Belgian super-utility valued at Full control of Electrabel would provide even more cash to channel into Tracte-

bel's aggressive overseas expansion. But it would also A report on Suez-Lyon-The 1997 results, to be naise last month by Parisbased analysts from Cholet Dupont/Credit Lyonnais Tractebel has become a Bel- Securities summed up the problem. "The status quo [in



desire to create a large indethrough an Electrabel-Tractebel merger.

Recent developments have looming clash. These include Suez-Lyonnaise's appoint-

have to be found between cialist, as chief executive of French ambitions to bring Société Générale de Bel-Tractebel into the heart of gique, the powerful holding the group, and the Belgian company of which it owns 63 per cent, and the vehicle for pendent electricity producer its 50.3 per cent stake in Tractebel

Second was the decision by the board of Générale de reinforced speculation over a Banque, SGB's banking subsidiary and Belgium's biggest bank, not to bid for ment of Christine Morin- French bank CIC. The mar-

Tractebel as by far its domi-

Cholet Dupont suggests two scenarios. The "compromise" scenario would be a three-way merger of Tractebel, Electrabel and SGB leaving Suez-Lyonnaise with about 42 per cent of the merged Belgian group. That would make it by far the largest shareholder and a genuinely utilities-based group capable of meeting its target of doubling earnings per share by 2002.

But this could be politically unacceptable in Belgium, where the government regards Tractebel and Electrabel as strategic assets. If such a deal could not be

done, Cholet Dupont's second scenario foresees Suez-Lyonnaise selling its Belgian interests. Interviewed by the Financial Times this week, Mr Bodson refused to be drawn

on Tractebel's relations with its parents. But his ambitions are clear. Last year's European

its stake in the bank, leaving EU's electricity market to competition is an opportunity, he predicts. It has interests in Northern Ireland, Italy, Germany and Hungary, and would like to

expand further. But the real excitement is in central Asia. A dispute with the government in Kazakhstan, where Tractebel has invested \$100m, has been resolved, clearing the way for a planned \$1bn investment. "I am very excited about Kazakhstan, because there I think we have really made a coup," he says.

He is similarly enthusias tic about the neighbouring states of Kyrgyzstan, Turk menistan, and Uzbekistan and about Tractebel's expanding interests in the US and South America.

The group is well on the way, he adds, to its target of deriving 40 per cent of profits from activities outside its Belgian electricity supply business by 2000. The ques tion is whether Tractebel will achieve it as part of giant French-controlled Union directive aimed at group, or as a Belgian super-

### **NEWS DIGEST**

#### INVESTMENT BANKING

## **Derivatives chief resigns** following Swiss merger

T.J. Lim, one of the few Union Bank of Switzerland executives to be offered a senior role after the merger with Swiss Bank Corporation, has quit because his new job turned out to have less responsibility than had been promised. Mr Lim had been named head of fixed income derivatives, foreign exchange and European fixed income at Warburg Dillon Read, the investment banking subsidiary of UBS, the merged bank. But his resignation was announced yesterday.

Although he recently held talks with Dresdner Kleinwort Bension about taking his team to the German-owned bank, no deat was reached. He will remain temporarily at UBS to help with integra-

Mr Lim's erstwhile role has been split. SBC's Andrew Siciliano, global head of interest rates and foreign exchange, to whom he would have reported, will take interim responsibility for interest rates derivatives marketing and structured products until a permanent replacement is found. Clay Harris, Banking Correspondent

#### COMPUTER SERVICES

#### Cap Gemini seeks FFr3.8bn

Cap Gemini has announced a FFr3.75bn (\$612.2m) capital increase. The French computer consultancy group plans to issue one new share for every nine already held, amounting to 6.8m new shares. Share subscription will be open from March 26 to April 8 inclusive. Compagnie Générale d'Industrie et de Participations, the holding company that has about 30 per cent of the group's capital, has elected to participate in the capital increase and to exercise all its preferential subscription rights.

Cap Gemini said the issue would help to "conduct an aggres sive strategy in a rapidly growing world market". Lafarge, the French building materials group, said its FFr3.2bn capital increase would be a rights issue of 7.89m new shares at FFr410 a share, amounting to one new share for every 12 already held. David Owen, Paris

#### BELGIUM

#### **Exceptionals lift Electrabel**

Electrabel, the electricity and gas utility and Belgium's biggest company by market capitalisation, increased net profits 8.6 per cent from BFr30.4bn to BFr33bn (\$876m) last year, in spite of a fall in electricity prices. The result was boosted by an extraordinary gain on the sale of shares in Powerfin, the former subsidiary of Tractebel (which controls 39 per cent of Electrabel) when Powerfin and Tractabel merged last year.

Total electricity revenues increased 1.9 per cent to BFr119.3bn. Natural gas sales increased 2.5 per cent to BFr30.5bn. Group turnover increased 7.7 per cent to BFr238.5bn. Neil Buckley, Brussels

#### **PRIVATE BANKING**

#### **Vontobel advances 76%**

Vontobel Group, Zurich's second biggest independent private banking group, increased net income 76 per cent, to SFr106.2m (\$71.3m) in 1997 and raised its dividend 60 per cent, to SFr40 a

Vontobel is the last of the quoted Swiss private banks to report 1997 figures and its performance was only bettered by Bank Sarasin in Basie, which increased its net profit 85 per cent, to SFr63.3m, and raised its dividend 80 per cent. Fee and commis sion income, which accounts for 63 per cent of Vontobel's total income, rose 33 per cent, to SFr260.7m, and trading income rose by a similar amount, to SFr110.7m.

The group increased its return on equity to 19.7 per cent. which is marginally higher than Benk Saresin, and about 4 percentage points higher than Julius Baer, the biggest Swiss private bank, and Liechtenstein Global Trust

#### profits forecast to jump from Belgium] is not tenable," it BFr12.09bn to between warned. "A compromise will Postel, a restructuring spe- ket now expects SGB to sell opening a quarter of the utility. Schering seeks go-ahead for share buy-back

By Frederick Stüdemann

Schering, the pharmaceuticals group, yesterday became the latest German company to announce corporate governance changes aimed at bringing the country's business practices into line with international standards.

Changes include the buyback of shares, denominating stock at non-par value restricting voting rights. The

pean currency due to be share, said Klaus Pohle. introduced next year.

Bayer and BASF, the ever, Schering will have to

THE BOARD OF DIRECTORS

By order of the Board of Directors

O CHASE

INTERMARKET FUND

SICAF 69, route d'Esch L-1470 LUXEMBOURG

Notice is hereby given that the Extraordinary General Meeting of

1. To hear the report of the auditor to the liquidation appointed at

2. To give discharge to the Liquidator. Auditors to the liquidation

4. To decide to keep the records of INTERMARKET FUND for a

Shareholders are advised that at this Meeting, no quorum is required

and the decision will be passed by a simple majority of the shares

In order to attend the meeting of INTERMARKET FUND, the

owners of bearer shares will have to deposit their shares five clear

days before the Meeting at the registered office of the Company.

GS EQUITY FUNDS

Société d'investissement à Capital Variable 47, Boulevard Royal, L-2449 Lusembourg R.C.S. Luxembourg B 41,751

NOTICE OF MEETING

We have the pleasure of inviting you to attend the Annual General Meeting of shareholders, which will be held on April 3, 1996 at 3.00 p.m. at the offices of State Street Bank Luxembourg S.A., 47 Boulevard Royal, L-2449 Luxembourg, with the

AGENDA

Approval of the balance sheet and the profit and loss account as of November 30, 1997 and the distribution of dividends.
 Discharge to be granted to the Directors for the financial year ended November 30, 1997.

The shareholders are advised that no quorum for the items of the agenda is required, and that the decisions will be taken at the majority vote of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

Adjustment to the Exchange Price

Medya Holding International Limited

U.S. \$28,750,000

10 per cent. Guaranteed Exchangeable Notes due 2001

(the "Notes")

Notice is hereby given that the Board of Directors of Sabeh Yayincilik A.S.

(the "Company"), at their Meeting on August 15, 1997, resolved to effect a rights issue in fewour of the shareholders of the Company.

As a result of the rights issue, the Exchange Price of the Notes has been

Exchange Price before adjustment: U.S. \$0.03248
Exchange Price after adjustment: U.S. \$0.0248
Effective date of the adjustment: October 3.1997

The Chase Manhattan Bank for and on behalf of

Presentation of the reports of the Board of Directors and of the Auditors.

reovermost 30, 1897.

A Action on nomination for the election of the Directors for the ensuing year.

Any other business which may be properly brought before the meeting.

term of five years at the offices of Banque Internationale à

3. To decide to close the liquidation and distribute the re-

and directors who had been in place.

represented at the meeting.

cholders shall be held at the registered office on March 31, 1998 at 3.00 pm for the purpose of considering the following agenda:

and all other amounts takeover is shareholder sat-expressed in D-Marks would isfaction." The buy-back the stock market and thus nal and real capital value of be given in euros, the Euro- would increase earnings per free of tax. chief financial officer. How-

ment later this year. Giuseppe Vita, Schering Mr Pohle said he wanted chairman, said the changes to see a consensus among expected to spend DM500m Mr Pohle said he expected would enhance shareholder Germany's regional states (\$274m) buying back about earnings in 1998 to grow by value. Restrictions on voting over the tax position of buyrights, introduced in 1937 to backs. Some states see buyfend off hostile takeovers, backs as distributed profits, shares from 68m to 65m. were outdated, he said. and thus subject to taxation. "Today we are convinced the while others say the money

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**GS BOND FUNDS** 

Société d'inventissement à Capital Variable 47, Boulevard Royal, L-2449 Locembourg R.C.S. Locembourg B 42,252

NOTICE OF MEETING

We have the pleasure of inviting you to attend the Annual General Meeting of shareholders, which will be held on April 3, 1998 at 3,15 p.m. at the offices of State Street Bernk Luxembourg S.A., 47 Boulevard Royal, L-2449 Luxembourg, with the lollowing apenda:

Discharge to be granted to the Directors for the financial year ended November 30,1997.

The shareholders are advised that no quorum for the items of the agenda is required, and that the decisions will be taken at the majority vote of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

To the Shareholders of

SVENSKA SELECTION FUND

(Società d'Investissement à Capital Variable)

You are hereby convened to attend the

ORDINARY GENERAL MEETING

of Svenska Selection Fund, which is going to be held on April 3, 1998 at 2.45 p.m. at the Head

Report of the Independent Auditor about the financial shustron of this corporation.

Approval of the Balance Sheet and the Profit and Loss statement as at December 31st. 1998.

Discharge to the Directors and to the Statutory Auditor.

Reports of the Board of Directors and the Auditors.

Presentation of the reports of the Board of Directors and of the Auditors.

Any other business which may be properly brought before the meeting.

request authorisation from easier to carry out stock shareholders to buy back splits. In addition, the single chemicals groups, have wait until the necessary shares with a nominal value currency would have promade similar announce- laws are approved by parlia- of up to DM34m. Mr Pohle duced awkward par values said, however, that in the as D-Marks were converted first instance the company into euros. reduce the number of unit

best protection against a should be viewed as non- showed the increasing dis- DM6.2bn.

CREDIT LYONNAIS

USD 500,000,000.-

FRN Undated

Bondholders are hereby informed that the rate for the Coupon N° 27 has been fixed at 6.75%, for the

period starting on 19.03.1998 until

17.03.1776 inclusive (representing a period of 92 days).
The coupon will be payable on 19.06.1998 at a price of USD 172.50.

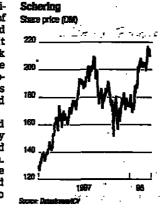
The Principal Paying

Agent

CREDIT LYONNAIS

Schering will next month unit shares also made it

sales to increase to DM6.6bn. In 1997, pre-tax profits rose The move to internation- 29 per cent to DM789m and ally recognised unit shares turnover by 18 per cent to



## Italian treasury unveils plans for Finmeccanica

yesterday unveiled details of its plans to proceed with the break-up of Finmeccanica, the state-owned industrial and defence conglomerate. hinting at a range of international alliances.

In a speech to a parliamentary commission. Mario Draghi, director-general of the treasury, said the group was looking at a range of Westland, the UK helicopter maker, and Daewoo, the South Korean conglomerate. He said Finmeccanica SpA, the group's holding company, would report losses of about L2,220bn (\$1.23bn) for 1997, including industry and transport sub-L.550bn exceptional items.

He said the group had expressions of interest in a decided to press ahead with joint venture from European The Italian government plans for a capital increase of L1,967bn as part of its restructuring plan. The Finmeccanica board decided this week to raise the capital through an equity issue to

existing shareholders. Heading a long list of dis-Finmeccanica hopes to make this year is Elsag Bailey, its automation division.

Mr Draghi confirmed disalliances, including with cussions were proceeding on a possible sale of Finmeccanica's 61 per cent stake in Elsag Bailey Process Auto-Exchange. On Ansaldo, the energy,

companies Siemens and GEC Alsthom had been deemed "inadequate". He said Daewoo of South Korea was expected to present a substantial proposal for an alliance before the end of April. Finmeccanica is looking at

posals and alliances that the future of Agusta, the world's fifth largest helicopter maker, with sales of L879bn in 1996. Agusta, he said, "could proceed with a structural joint venture with either Westland or Euro-He said that Finmeccanica

mation, which is quoted on management was "looking at the New York Stock the possibility of an accord with Westland" under which the Italian company would industry and transport sub-sidiary, Mr Draghi said tion of the EH 101 helicopter.

cent of EdP is to be acquired

## Aegon jumps 40% to

By Gordon Cramb in The Hague

Aegon, the Dutch-based insurer, last year achieved its biggest annual earnings increase as net profits jumped 40.8 per cent to Fl 2.21bn (\$1.1bn).

Although it projects that the pace of growth in 1998 will halve to 20 per cent, the group has a record of comfortably exceeding its fore-

This year will bring the first full contribution by the operations it acquired from Providian of the US. Incorporated from mid-June last year, they expanded net earnings per share by 5 per

Overall growth on a per-share basis – Fl 7.90 against Fl 5.93 - was 33 per cent. The difference between that and the headline figure reflected an equity issue to fund the purchase. Favourable currency effects accounted for 6 per cent, meaning that autonomous growth reached 22 per cent

34 per cent at F18.82bn. Gross premium income rose 26 per cent to Fl 21bn, but autonomous growth at 9 per cent was below the group's 10 per cent target.

Fl 272.7bn were ahead 49 per cent, and shareholders' funds expanded 61 per cent to FI 18.1bn

The dividend totals Fl 3.71. compared with Fl 2.79.

SPANISH 4% EXTERNAL LOAN (1974 ISSUE) The coupons due on 1st April 1998 may be presented for payment at Banco Exterior de España SA 1-4 Great Tower Street London EC3R 5AH between the hours of 10am and 2pm London 20th March 1998

## Portugal in state sell-offs worth around Es532bn

By Peter Wise and David White

line, and global offerings of market prices. cement and power utilities, (\$2.8bn).

Fernando Teixeira dos Santos, the finance secretary, said stakes in TAP would first be sold to strategic partners, which are expected to include SwissAir and Portugal's Espírito Santo financial group.

Up to 10 per cent would later be offered to the airline's employees. A decision was pending on whether a TAP would be made, Mr cent of EdP last June. Teixeira dos Santos said.

Other privatisation measures approved by the social- by foreign strategic partners. ist government include a Portugal yesterday approved secondary global offering of a bumper package of privati- 25 per cent of Cimpor, Portusations, including TAP-Air gal's biggest cement pro-Portugal, the national air- ducer, worth Es134bn at

worth about Es532bn end of May, is the third offering of Cimpor stock and will cut state ownership to 10 per cent. Shares are to be offered to institutional investors and to Portuguese retail buvers. A similar secondary global

offer of just under 15.5 per cent of Electricidade de Portugal, the national power utility, is planned for June Before the offering, 4.5 per capital.

RWE, the German power group, is expected to acquire the biggest stake, Smaller holdings could go to Iberdrola and Unión Fenosa, Spanish electricity groups. The sale, planned for the The state will own just

over 50 per cent of EdP after this sale and the secondary offering. But Mr Teixeira dos Santos indicated the government would consider relinquishing majority state control. "There is no reason not to go further in the future," he said. Under the privatisation

framework for TAP, the airline will be owned by a stateor July. The sale, worth about Es398hn, follows an in which strategic privateglobal offering of shares in initial public offer of 30 per sector partners will acquire stakes in return for injecting

Investment income was up

Year-end assets at

SUNBEAM SHARES SLIDE AS US HOUSEHOLD APPLIANCE MAKER WARNS OF REVENUE SHORTFALL

# Dunlap disappoints Wall Street again

Al Dunlap, the turnround specialist who has just been comes less than two weeks handed one of corporate after the company disclosed America's richest share that Mr Dunlap had agreed a exceed" the \$253m of a year option awards, yesterday dis- new three-year contract that before. appointed Wall Street for a has left him with shares and his company's quarterly ket value of \$50m. The out-earnings would not match spoken executive is reported

household appliance maker a great executive." that Mr Dunlap has headed for the past 20 months, fell 8 day, Sunbeam said that its the full year.

By Richard Waters in New York per cent, or \$3%, during revenues in the first quarter morning trading, to \$46%.

In a brief statement yester-

of this year "may be lower" The earnings warning than the \$285-\$295m Wall Street has been looking for, though they are "expected to

The company attributed second time with news that options with a current mar- its caution to changes in inventory management practices at some of its retail custo have said to analysts at tomers, leading to a dip in Shares in Sunbeam, the the time: "You can't overpay orders, but added that it was still "highly confident about the overall sales outlook" for

toasters, electric blankets leaving Mr Dunlap with a in consumer products. That and other household items, paper profit of \$36m. had suffered a similar sharp dip in its shares in late January, when it failed to meet analysts' targets for fourthquarter earnings.

with the shares in the doldrums, the company set the price at which Mr Dunlap

The Sunbeam chairman was also handed 300,000 free shares for committing himself to another three years – worth \$14m yesterday - and Just two days after that, had his basic salary doubled to \$2m a year.

A month after the January could exercise options on the pricing of the share 8.75m shares under his new options, Mr Dunlap unveiled three-year contract. At a string of acquisitions for \$36.85, this is still nearly \$10 \$2.5bn and a plan to build

Sunbeam, which makes below the level yesterday, Sunbeam into a global leader news boosted the company's stock again, lifting it briefly above \$50 and providing instant paper profits for the

company's chairman. Mr Dunlap's decision to stay at Sunbeam for another three years, rather than follow his normal practice of earnings disappointment and moving on quickly to another company in need of a turnround, has won strong support from the company's

ConAgra

hit by fall

in exports

ConAgra, the US food group

that last month warned of

lower-than-expected earn-

ings for its financial year

ending May 31, yesterday

reported a fall in net profits

from \$145m to \$139m, or 30

cents a share, for its third

The figure excludes the

The decline was caused by

a decline in exports to Asia,

where demand for US meat

and poultry products was hit

by currency devaluations

and the region's economic

turmoil, and by a cyclical

upturn in US meat and poul-

Many of the company's

food businesses did well.

ConAgra said its crop inputs

husiness. United Agri Prod-

ucts, had strong operating

profit growth, and consumer

products, including the

Healthy Choice range.

achieved substantial gains.

division suffered from a 92

per cent fall in third-quarter

operating profits.

But the refrigerated foods

ConAgra said a surge in

industry production, com-

try production.

effect of an accounting

quarter to February 22.

change.

By Richard Tomkins

#### **NEWS DIGEST**

#### **PENSION FUNDS**

### Calpers increases venture capital investments

The California Public Employees' Retirement Fund, the biggest US public pension plan, is to increase its venture capital investments by 80 per cent to more than \$900m. Much of the new money will be invested in California, which already attracts more than a quarter of all US venture capital investment. The fund, with about \$130bn in assets, said annual investment returns on funds backing start-ups and innovative companies had increased by more than 34 per cent between 1990 and 1996.

The move will pump about \$350m more into a region which last year ettracted \$4.8bn in venture capital, according to Price Waterhouse. More than \$3.5bn of that went to Silicon Valley busi-

Calpers' decision may improve the prospects for backing of companies in other parts of the state, including the Los Angeles region, which recently adopted the title "Digital Coast", a fast-growing high-tech cluster in Orange County, and the San Diego region close to the Mexican border. Christopher Parkes, Los Angeles

#### CHICAGO MERCANTILE EXCHANGE

#### New Globex launch planned

The Chicago Mercantile Exchange plans to launch a new generation of its Globex electronic trading system in September that will give investors increased trading flexibility. The most important advance over the old system is that traders and investors will be able to give their brokerage firms stop-limit orders, which could automatically get them out of the market if prices move against them. The current Globex system developed jointly by the CME

and Reuters does not allow for such contingent orders. The new system will also display all individual orders for an entire contract. The names of the buyers and sellers will not be revealed. It will also contain a number of improvements directed toward CME members. They will be able to customise their screen display and look at price charts. The new Globex system will run on one originally developed by the Parls-based Marché à Terme International de France futures exchange and the SBF-Parls Bourse. AP-DJ, Chicago

#### **CEMENT INDUSTRY**

#### Southdown to buy Medusa

Southdown, the US cement producer, has agreed to acquire rival Medusa for \$1bn in stock, in a deal which will create the second largest cement producer in the country. Southdown said it excected the transaction to be accretive to 1998 earnings after cost savings. Under the terms of the deal, Medusa shareholders will receive 0.88 Southdown shares for each Medusa share, valuing Medusa at \$61.22m, a 17 per cent premium to Tuesday's close. The combined company will have a market capitalisation of about \$2.7on. The deal is expected to close by the end of June. Tracy Corrigan, New York

#### **FUND MANAGEMENT**

#### J.P. Morgan in French deal

J. P. Morgan, the US investment bank, has agreed a fund management joint venture with Banques Populaires of France. The two banks will launch a family of asset allocation funds in Mav and follow up with international funds later this year. Morgan. which struck a sim ei with DekeRenk in Germany last w has said it intends to become the leading retirement fund man-

## Flirtatious Chase in fruitless partner quest

Months into its search for an at Chase the semi-public investment banking acquisition, Chase Manhattan, the largest US bank, is begin- of embarrassment. ning to take on the look of a serial flirt.

At least four banks, European and US, have been sub- staff morale and are urging jected to its advances, some more than once.

banks - Merrill Lynch, "put up or shut up". J.P. Morgan and Goldman Sachs - have been approached, as has Credit terday Chase will continue Suisse, the Swiss commer- to look at a range of options. cial bank which owns the He said the bank had made investment bank CSFB.

share price leapt more than except equities. "That is the 9 per cent as Wall Street gap we want to fill over the traders and analysts specu- next two to three years. In lated that a deal with Chase filling it we are looking at all was close. In fact, Chase's the options." advances to Merrill - the latremain independent.

speculating about a link-up financial services sector. between Chase and Donaldson Lufkin & Jenrette, the by Axa-UAP, the European insurance group.

ad advances Wi

10200 3

jumps

411 1

head of investment banking, and Walter Shipley, Chase chief executive, but for some courting of other investment banks is becoming a source

Executives in its small investment banking division the bank's top management. in the words of one mergers Three US investment and acquisitions banker, to sche Bank is cutting staff in

But Thomas Labrecque, president of Chase, said yesgreat strides in all invest-On Wednesday, Merrill's ment banking product areas.

Chase's attempt to create est was in January - have an investment banking divibeen rejected, with Merrill sion to rival bulge bracket stressing its intention to operations such as Morgan Stanley Dean Witter follows Others on Wall Street are rapid consolidation in the yield sector.

"We are witnessing the end-game in this sector of services," said one analyst. Investors say the mergers of The efforts are being Morgan Stanley with Dean

have intensified the battle to ioin the handful of wholesale financial services businesses which can claim to span all the leading markets and product areas. In recent months, a num-

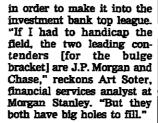
ber of contenders have stumsay it is beginning to affect bled. The UK banks. National Westminster and Barclays, have abandoned their ambitions, while Deutinvestment banking in North America as part of a broader restructuring.

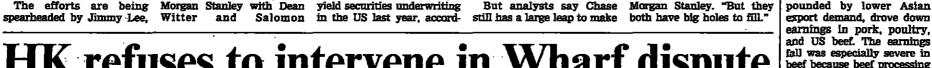
Meanwhile, J.P. Morgan, which began the process of building its investment banking division earlier than others, has suffered from a depressed return on equity and recently announced it would cut its staff by 5 per

In 1993, Chemical - which merged with Chase in 1995 was given underwriting powers, enabling Chase to make substantial inroads in some areas, most notably the high-

Chase's position as the global market leader in syndicated lending has allowed investment bank controlled global wholesale financial it to build the related highyield securities market rapidly. It ranked fifth in highyield securities underwriting

Jimmy Lee: spearheading Chase's efforts to find an acquisition ing to Securities Data, which in order to make it into the Chase has made strides in mergers and acquisitions field, the two leading conadvisory work, ranking tenders [for the bulge twelfth in the US last year, bracket] are J.P. Morgan and but has struggled to penetrate equities underwriting. But analysts say Chase





and cattle feeding, which often naturally hedged each

pute with a Hong Kong com-Wharf said it would

continue its appeal, despite the government's decision not to support it "on behalf of Hong Kong on broad issues which we believe are of concern to those who do business with the US in

## HK refuses to intervene in Wharf dispute back its case, claiming that legal row is the disputed tions levied by US courts.

By Louise Lucas in Hong Kong

The Hong Kong government wide-reaching impact on has refused to step into a companies in the territory commercial legal dispute doing business with the US. involving Wharf (Holdings), and stood to hurt bilateral claiming that - contrary to relations. concerns within the business pose any systemic implicafor tions territory.

next hearing in its case against United International Holdings, of Denver.

Wharf had lobbied the decision. Hong Kong government to

the outcome could have a

Referring to the governcommunity - it does not ment's decision, Wharf said: "Our concerns will be shared the by the many Hong Kong organisations, including The decision comes just members of chambers of weeks before Wharf returns commerce, who urged the to court in the US for the government to take this opportunity to air their anxieties about the implications of the Denver Federal court

At the heart of the Wharf

existence of a cable TV business partnership with United.

United claims that in October 1992 it was promised an already been raised by earoption to acquire 10 per cent of the loss-making Wharf reached. However, court judgments

Wharf to appeal and attempt fair trial. to withhold navment

what might be considered itself barm bilateral com-Hong Kong matters being mercial relations. decided in US courts - has

But the Hong Kong gov-Cable TV. Wharf insists no ernment said yesterday pute with the Hong Kong such agreement was there was not "a smidgen" of evidence to suggest the trial was being heard in the US in Denver have so far tended because of concerns that to favour United, prompting Hong Kong would not give a

lier cases.

"There is nothing about Wharf said three wider Hong Kong not being suitissues were now at stake: able because it's legal sysjurisdiction, extra-territorial- tem is not good enough," a ity and the scope of sanc- source for the government Hong Kong".

said. He added that govern- other's results, both suffered The jurisdiction issue - of ment intervention could in price and margin declines. | ager in continental Europe. George Grattum, Banking Editor

> "We don't want people to think if you get into a dispany you then get into a disgovernment. It's a commercial contract."



## Julius Bär

### Notice is Hereby Given of the Annual General Meeting

to be held at the office of Julius Baer Bank and Trust Company Ltd., Kirk House, Grand Cayman, Cavman Islands, on the 6th day of April, 1998 at

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1997 and the reports of the Directors and Auditors.

2. To consider the re-election of Bernard Spilko and Martin Vogel as Directors, following their appointments by the Directors to replace Peter Wild and José Balagué.

3. To ratify the acts of Directors.

4. To approve the appointment of Price Waterhouse as Auditors and authorize the Directors to fix the Auditors' remuneration.

LIQUIBAER Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands. A shareholder holding registered shares is entitled to attend, vote and appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with the Agent listed below against written receipt, which must be produced at the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agent listed below. There are no service contracts in existence between the Company and any of its Directors and none

are proposed. Participating shares are listed on the London Stock Exchange and particulars of the Company are available in the Extel Statistical Service.

SECRETARY AND REGISTRAR: Julius Baer Bank and Trust Comp. Ltd., Kirk House, P.O. Box 1100,

Grand Cayman, Cayman Islands AGENT: Bank Julius Baer & Co. Ltd., Bevis Marks House, Bevis Marks, London EC3A 7NE, U.K.

LIQUIBAER JULIUS BAER U.S. DOLLAR FUND LIMITED GRAND CAYMAN A company incorporated in the Cayman Islands with limited liability

## Shake-up looms in Chile pensions

By Imogen Mark in Santiago

Provida, Chile's second biggest private pension fund, has bought a controlling margins significantly. stake in Proteccion, a smaller fund, in what is over 1m paid-up customers, expected to be the first of with assets under manageseveral changes of ownership in the industry in the next few weeks.

Proteccion's owner, the local Banco Security, said on Tuesday it was selling its 59.55 per cent stake for about \$92.4m. The price per share was 663.9 pesos, some 12.5 per cent above the 590 pesos at which the stock was trading on Tuesday and more than double what Banco Security paid when it bought the fund from its previous owner, AGF, the French financial services group in

In spite of the premium, Provida is making an excellent buy, said Paola Viani, an analyst at BICE, a local investment bank.

"Provida is paying the equivalent of \$513 a head to acquire Proteccion's client since a recent ruling by the accounts]. But last year it of \$940 a head on its sales force alone to bring in new customers."

high-earners.

the system average of 230,000

However, the new acquisition will allow Provida to reduce costs and improve Provida alone has just

ment of \$5.83bn. It showed pre-tax profits of \$25.3m for 1997. Proteccion manages assets of \$2.9bn. The pressure to cut costs

has become acute in the industry in recent months 'Customers are at

the low end of the

earnings scale, at an average 140,000 pesos (\$309) a month, below the

system average of 230,000 pesos'

portfolio [of 180,000 regulatory authority tightened up on the regulations was spending the equivalent governing customer changes from one fund to another. The smaller funds are now

struggling with high admin-The new owner is plan- istrative costs and low ning not to merge the two growth prospects, and sevbrand names but to keep the eral are expected to Proteccion name and mar- announce mergers or sellketing profile as a fund for outs within the next few weeks.

Provida's customers are at Some analysts expect that the low end of the earnings by the year-end the total of scale, at an average 140,000 13 pension funds will be pesos (\$309) a month, below reduced to eight or nine.

## **Atlas Copco AB**

NOTICE OF ANNUAL GENERAL MEETING

The Shareholders of Atlas Copoo AB are hereby invited to attend the Annual General Meeting to be held on Thursday April 16, 1998 at 5.00 p.m. (Swedish time) in the Berwaldhallen, Strandvågen 69. Stockholm.

Right to participate To be entitled to participate in the Annual General Meeting shareholders must be recorded in the Shareholders' Register kept by the Swedish Securities Register Centre (Vardepapperscentraten VPC AB) not later than Monday April 6, 1998, as well as

teachapperson trains vec Ab not tale than worlday April 5, 1995, as well as notify the Company of their Intent to participate in the Annual General Meeting not later than 4.00 p.m., Tuesday April 14, 1998. Notification of intent to participate in the Meeting can be made in writing to Atlas Copco AB, S-105 23 Stockholm, by telefax to Int+ 46-8-743 80 37, or by telephone to Int+ 46-8-743 80 00.

Shareholders whose shares are held in trust by a bank or private broker must temporarily re-register their shares in their own name with the Swedish Securities Register Centre (Vardepappercentralen VPC AB) to be able to participate in the Annual General Meeting. Such re-registration must be recorded not later than Monday April 6, 1998. Shareholders should notify the trustee of their desire to re-register in adequate time prior to this date. A Shareholder can attend and vote at the Annual General Meeting in person or by proxy.

Entrance Cards will be sent to the Shareholders who have notified their intention to participate.

Election of Chalrman to preside at the Meeting. Preparation and approval of a voting list,

Election of one or two persons to approve the minutes.

Examination of whether the Meeting has been properly convened.

Presentation of the Annual Report and the Auditors' Report as well as the Consolidated

Annual Report and the Consolidated Auditors' Report.
The annual presentation by the President. Consideration of resolutions in respect of the following:

(a) adoption of the Profit and Loss Account and the Balance Sheet as well as the Consolidated Profit and Loss Account and the Consolidated Balance Sheet; (b) discharge from liability of the Board of Directors and the President;

(c) ellocation of the Company's profit or loss according to the adopted Balance Sheet: (d) determination of the Record Date for the payment of dividends. Determination of the number of Board Members and Deputy Members to be elected by the

Shareholders at the Meeting. Election of the Board Members and Deputy Members as well as of the Auditors and

 Determination of the remuneration of the Board of Directors and the Auditors. Other matters, that shall be considered at the Meeting according to the present Swedish Companies Act or the Articles of Association.

osais to the Annual General Meeting The Board of Directors proposes that a dividend of SEK 4.25 per share be paid to the Shareholders. The Board also proposes that the Record Date for the payment of dividends be April 21, 1998. Should this date be approved by the Annual General Meeting, the dividend is expected to be distributed by the Swedish Securities Register Centre on April 28, 1998.

Shareholders representing more than one third of the total share capital of the company and 40% of the total number of votes, have submitted the following proposal regarding election of

Re-election of the Ordinary Members: Anders Scharp, Tom Wachtmeister, Gösta Bystedt, Sune Carlsson, Paul-Emmanuel Janasen, Lennart Jeansson, Giulio Mazzalupi, Harl Shankar Singhanta and Michael Treachow. Election of new Ordinary Member: Jacob Wallenberg.

The General Meeting will be concluded by the presentation of "The John Munck Award" for decisive contributions in the area of product development and "The Peter Wallenberg Marketing and Sales Award" for the development of eminent marketing and sales methods. Stockholm, March 1998

The Board of Directors.



Lazio takes the lead

in race for listing

and Juventus.

# Stronger sales behind BMW surge

By Halg Simonian, Motor industry Correspondent

BMW, the executive cars group which owns Rover in the UK, yesterday capped a get price. bumper period for the German motor industry by capital increase was to announcing record profits finance the acquisition of

and a higher dividend. from DM1.66bn to DM2.53bn put up for sale by Vickers. (\$1.39bn) in 1997 on the back They said that buying of stronger sales, particu- Rolls-Royce - which analarly of higher-margin large models. Net profits climbed 52 per cent from DM820bn to

dividend increase from DM15 to DM20 a share. Preference shareholders will receive DM21, up from DM15.

BMW announced a one-formove is intended to adjust BMW's capital base to reflect its strong recent growth and

pave the way for expansion. examine the progress made

shares. The stock, which yesterday closed up DM126 at DM2026.5. has climbed sharply since Merrill Lynch last month set a DM2,300 tar-

BMW officials denied the Rolls-Royce Motor Cars, the Pre-tax earnings soared UK luxury vehicles group lysts estimate would cost between DM750m and DM1bn - could be financed from cash flow, while the The rise prompted a sharp . proceeds of the rights issue would be used for longer-

term organic growth. BMW's detailed 1997 results will be released on March 31. Interest will focus five scrip issue, followed by on the company's outlook a one-for-12 capital increase for the current year, which to raise about DM2.18bn. The will be disrupted by the replacement of the best-selling 3 Series range.

Analysts will also want to



Racing ahead: BMW announced DM2.18bn capital increase to pave the way for expansion

year may have slowed this process significantly.

BMW's turnover last year rose 15 per cent to DM60.1bn. Rover deliveries increased while car output climbed 4 per cent to 1.2m units. Deliveries of BMW cars sales,

The stronger-than-expecting reducing Rover's losses; rose 5 per cent to a record BMW announced that become been profits rise lifted BMW's the strength of sterling last 675,000 units, thanks to Volker Doppelfeld, its year.

new 5 Series range and the long-standing finance director, would be replaced by US-built Z3 convertible. Günter Lorenz hand 3 per cent to 521,000 on improved international BMW announced that become vacant later this

ted. Mr Doppelfeld has been proposed for a seat on the

supervisory board which will

go-ahead from both the stock exchange and Consob, the man of Cirlo, the Italian Italian stock market watchdog, it hopes to launch its flotation early this summer to coincide with the soccer World Cup in France IMI, club at the beginning of last the privatised Rome banking group, is acting as Lazlo's sponsor and global co-ordinator for the flotation.

By Paul Betts in Milan

the stock exchange.

become the first top Italian

soccer club to be listed on

The club, which is one of a

handful of Italian clubs oper-

ating profitably, said yester-

day it had filed a formal

the Milan stock exchange

this week. It is currently sec-

ond in the Italian Serie A

first division league, trailing

If the club receives the

one of soccer-crazy Italy's seeking a quotation in oldest clubs founded in 1900, Milan. However, since the Milan Lazio of Rome is set to has pipped Bologna in the stock market was privatised race to become the first Italian club to be quoted on the at the beginning of this year,

procedures for listing have stock market. The board of been simplified, including Bologna, another Serie A the abolition of the old team, earlier this month requirement that a company approved a proposal to list had to show profits for three the club but has yet to file consecutive years before application for a listing on its formal application with qualifying. Companies now the stock market authorities. have only to show their Several other top Italian activities generate profits. clubs have expressed inter-

Lazio also qualified this est in a stock market listing week for the semifinals of Juventus of Turin by two including Inter Milan, AC the UEFA Cup and is a final-Milan, Vicenza, Fiorentina ist in the Italian Cup. It said Sergio Cragnotti, chairyesterday it had earned L251m in its financial year ending June 1997 on revenues of L75bn (\$41.7m), comquoted tomato sauce company which owns 90 per cent pared with profits of L165m of Lazio, had first disclosed on revenues of L67bn in the his intentions to float the previous financial year.

Mr Cragnotti said last year. that a flotation of Lazio At the time he said he was would provide value for considering a listing on an Cirio shareholders and allow overseas exchange - proba-By filing its application for bly London - because of the it to promote its listing this week, Lazio, difficulties and time-scale of around the world. it to promote its products

## **Orders climb strongly** at Renault trucks arm

By David Owen in Paris

Renault VI, the truck and bus division of the French car group, yesterday set the stage for a strong recovery in annual profits by announhad doubled in the space of a

The order book, at almost 40,000 units on December 31 1997, amounts to 55 per cent and comfortably outstrips the near 29,000 attained at the end of 1994, the highest masked contrasting pictures level of recent years.

"After the recovery branches. observed in the second half contribution to consolidated of 1997, the Renault VI group should be back in the black from FFr147m to FFr297m, in 1998," the company but the European division

centenary by reporting 1997 1996. net income of more than

turnround from the previous the European branch to year's loss of more than make a profit in 1998. The FFr5bn.

Yesterday's news orders came as Renault VI profit". reported reduced annual net losses of FFr336m, compared cing that that its order book with FFr791m in 1996. At the operating level, the loss was cut to FFr163m, against FFr672m in 1996.

The company said operating performance had turned of 1997 sales of 72,280 units marginally positive in the second half.

These global figures operating income doubled contributed a FFr460m loss. The Renault group as a after exceptional costs,

However, Shémaya Lévy, tomorrow," Mr Lévy said.

group said Mack should "continue to show a hefty

In 1998, RVI said, truck markets should again become more buoyant in Europe, while North America and worldwide exports should remain high.

The company has invested heavily in new models in recent years and is making concerted efforts to cut

Research and development in the US and European and capital spending fell to Mack's 6.4 per cent of sales in 1997. against 8.2 per cent the previous year. Net debt was cut by FFr425m year on year to FFr4.21bn at December 31

"For Renault, the lorry whole recently marked its against a loss of FFr819m in is part of its métier today. tomorrow and the day after

## **Exports drive** Skoda advance

FFr5bn (\$817m), a sharp chairman, said he expected By Robert Anderson in Prague

Skoda Auto, the Czech carmaker 70 per cent owned by Germany's Volkswagen group, vesterday reported a sharp increase in net profits to Kc1.17bn (\$34.6m), after strong export growth.

Profits jumped from Kc163m in 1996, when the company ended several years of losses. Skoda, the leading car pro-

ducer in central Europe, said sales rose 58 per cent, from Kc58,9bn in 1996 to a record Kc90,1bn. It hoped to reach Kc115.6bn this year. The group has more than

50 per cent of the Czech car market, but sales have been driven by exports, which represent 70 per cent of production. Sales grew strongly in its biggest markets of Germany, Slovakia and Poland, where sales jumped 76 per

The group expects to produce 410,000 cars this year, up from 357,170 in 1997, itself a 36 per cent rise on the year before. By 2000 it hopes to produce 500,000 cars a year.

Last year Skoda made 296,580 of its small Felicia model and 60,590 Octavias in their first full year of pro-duction. Output of the Octavia, based on the chassis platform of VW's fourthgeneration Golf, will be stepped up to 110,000 this

This year Skoda remodelled its Felicia and introduced an estate version of the Octavia. It is expected to replace the Felicia late next year with a model based on the chassis platform of the VW Polo and to introduce a third model in 2001-2002 which will take it even further upmarket. This will be based on the chassis of the Audi A4.

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## Asia downturn hits Gucci

ers to cancel foreign trips.

which had squeezed duty-

free sales in Hong Kong and

Net revenue slipped to

\$257.5m during the fourth

quarter, from \$260.5m in the

year-ago period. Asian reve-

nue fell by 13 per cent to

\$106.9m and US revenue by

11 per cent to \$72.9m. By

contrast, the European market remained buovant with

revenue rising by 36 per cent

Net earnings per share fell

to 70 cents in the fourth

quarter, from 88 cents a year

ago, but rose to \$2.92, from

\$2.85, in the full year. Guc-

ci's shares, which have fluc-

tuated on speculation of a

Hawaii.

to \$71.6m.

Gucci highlighted the impact of Asia's economic difficulties on the luxury goods industry yesterday by announcing a decline in net income to \$42.1m in the fourth quarter of its last financial year, from \$52.5m in the preceding year.

Despite the fourth-quarter reduction, Gucci managed to muster growth in both turnover and income for the full year to January 31.

Net income rose \$175.5m, from \$168.4m the previous year, on net revenue of \$975.4m against \$880.7m.

Domenico De Sole, Gucci president and chief executive, said he was "heartened" by the group's performance in "what was obviously a very difficult year",

The downturn in Asia, until recently one of the fastest growing and most lucrative regions for the global luxury goods industry, has

cast a cloud over Gucci and F199.30 in Amsterdam on the announcement. its rival western luxury

The results would have looked worse without the The decline has been most acquisition of Gucci's longpronounced in the weaker standing watch supplier in Asian economies, notably November, which subse-South Korea. Mr De Sole quently contributed \$33m to said sales within Japan were robust, but the soft yen had net revenue. prompted Japanese consum-

Mr De Sole described the deal as "a very good move at the right time

He stressed that the outlook for the current year was "uncertain" -because of Asia's instability, but said Gucci intended to press ahead with its store opening and product diversification

group invested The roughly \$80m in capital expenditure last year, including a sizeable sum to build the first of its new luxury superstores on London's Sloane Street. Mr De Sole said it would spend a similar amount this year, when the group plans to open six Japa-Hong Kong Airport and a bid, rose by Fl 4.30 to close at flagship superstore in Milan.

#### PROPERTY MARKET

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Mr Kim Kihwa u-Large for Economic Affair: Mr Kim Wee-Cheer Chairman, Dannes Grav

Mr Clan Se-Hyung at Congress for New Politics Mr Che Son u, Grand National Part Mr Quentin Peel Mr Lee Kya-Se

Mr Park Young-Chai

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in hits Gucci

#### COMPANIES & FINANCE: UK

## **GEC** prepares to sever links with Aitken

General Electric Company. the UK electronics group, is set to end its link with Jonathan Aitken, the disgraced former minister, just weeks after appointing him as an adviser.

The news followed concerns that the appointment may infringe US federal guidelines on business ethics after Mr Aitken was arrested on Tuesday in connection with allegations of perjury and conspiracy to pervert the course of justice.

Yesterday the company said Mr Aitken, who was later released on bail, had been hired as an adviser on a "short-term project" that was "almost complete". unlikely he would be re-

GEC had recently confirmed the appointment of Mr Aitken to help it secure defence sales in the Middle defence arm. He was thought to be looking into marketing opportunities in Saudi

RESULTS

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Arabia, where he has close connections with the ruling royal family.

His recent arrest concerned a failed attempt to sue the Guardian newspaper over accusations that he had accepted hospitality from members of the Saudi royal family while UK minister for defence procurement.

Experts warned yesterday that hiring Mr Aitken risked infringing the US federal sentencing guidelines on business ethics. Under the 1991 guidelines, courts are required to impose harsher penalties on businesses found guilty of malpractice if they have failed to meet certain standards in the way they conduct themselves.

Mr Win Swenfon, head of Observers thought it the business ethics service at accountants KPMG in New York, who helped draw up the guidelines while he was deputy general counsel at the US Sentencing Commission, said: "Theoretically, East for GEC-Marconi, its if the company ran into later problems, it is conceivable that the courts would look at these events."

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Earnings shown basic. Dividends shown not. Figures in brackets are for corresponding period. After exceptional charge. VAfter exceptional credit. †On increased capital. 

\*\*Comparatives restated. \*\*Comparatives pro forms. \*\*#Adjusted for share consolidation. \*\*Comparatives for nine months. \*\*Eirish currency. | Net life premiums. \*\*OAIm stock. 

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OIL EXPLORER SAYS 'EXTRAORDINARILY HIGH BIDS' ARE BEING MADE IN THE GULF OF MEXICO

By Virginia Marsh

British-Borneo Petroleum Syndicate, the independent oil explorer, said yesterday that other companies had started "throwing silly amounts" of money at leases in the Gulf of Mexico. Alan Gaynor, chief execu-

tive, said there had been "extraordinarily high bids" in the latest round, the results of which were released earlier this week.

"This is companies playing catch-up," he said. "The big bids were mainly from companies not well-estab-

ularly interested in opportu-While British-Borneo nities in gas.

West Africa, Brazil and would have liked to have bid for and won more, the round Anstralia were among possihad underscored the value of ble areas of expansion. Howits assets in the region. The ever, the company might company has shares in about also consider opportunities 100 leases there, mainly in in Asia. deep water areas off Louis-"You have to look at

what's unfashionable at the moment," said Mr Gaynor, Mr Gaynor said British-Borneo, which also has interwho, with his management ests in the UK, was now team, has a reputation for looking to add a third innovative deals. "But [international expansion is not regional leg to its business. Given low oil prices and something we're rushing the high share of oil in its into. In this price environment, people are throwing

"But it's not our ambition to have the British-Borneo flag flying in 20 countries."

Profit after taxation last

year was £14m (\$23m), against £14.4m, on sales of £56.2m (£54.2m). Oil and gas capital expenditure more than doubled to £211.2m (£93.4m). Proven and probable booked reserves rose 43 per cent to 135m barrels of

oil equivalent Earnings per share were 6.09p. down from 7.62p. adjusted for last year's rights issue and share split. The shares rose 11/2p to close at 340%p.

half of group profits.

Hot isostatic pressing, in

which Bodycote claims a 70

per cent share of western

markets, brought prices

down to encourage higher

volumes, particularly in the

US. The 14 per cent volume

increase fed through to a 4

per cent profit rise last year.

materials testing sales by 53

per cent, but lower margins

in acquisitions held profit

holds which are turned

down by conventional credit

"There is an opportunity

Cattles has been working

with some small retailers

and conventional finance

providers, heavily reliant on

credit scoring, to take over

the lists of customers they

reject as not creditworthy.

The company covers its high

servicing costs by charging

interest rates of 30-40 per

cent, and can accept many of

these sub-prime credit risks

This is attractive to retail-

ers, because they want more

customers to be able to buy

their goods, and to the

as clients.

rejection rates.

risks every week.

a £15.5m exceptional gain.

now for a quantum leap."

scoring techniques.

Acquisitions helped lift

#### COMMENT

### **Furostar**

Fly to Paris on Eurostar. For British Airways to team up with National Express to run Eurostar looks odd. The loss-making train service is at the heart of one of the messiest collapses in infrastructure projects since Eurotunnel. It is barely two months since Eurostar's parent, LCR, delivered its ultimatum: an extra £1.2bn of public funds or the high-speed link dies. The gap could not be bridged by the

private sector. Or so we were told. Now its promoters have hit upon a new way to make the numbers add up, and the project is twitching into life. They suggest that whoever runs Eurostar does so under a mangement contract. National Express with BA, or Virgin, will bid to operate the trains for a subsidy. Their bids will be based on passenger forecasts. But these can be unreliable: the last set got the project into its current mess.

BA should leave running Eurostar to LCR, the government and rail experts. If it can earn extra revenue on an arms-length basis selling its skills in yield management or reservation systems, fine. But closer involvement, such as joint marketing or involving Eurostar in its frequent flyer programme, would attract attention from Europe's antitrust authorities. That hardly seems sensible just as it is trying to clinch its alliance with American Airlines.

#### **Newcastle United**

Assuming the allegations stick that two Newcastle **Newcastle United** United non-executive direc- Share price since flotation (per tors treated the football club's customer-fans with contempt, the other non-executives should ask them to resign. That might limit the damage to both the company's reputation and its sales of replica kit. Meanwhile, the fans' suspicion of its quotation has grown. They are right to be angry, but wrong to be prejudiced against its plc status. As shareholders. they should criticise the

share price performance, just

as they do the team's poor form. Newcastle floated with an overambitious plan to develop a 265m stadium, following years of overspending on players that left it heavily indebted. Thanks to the flotation - at an inflated price - it now has enough money in the bank to help redevelop St James' Park and helatedly invest in developing young players. Assuming the club avoids relegation, it might become a recovery stock.

## Asian weakness buoys Ugland

Strong car exports from South Korea and Japan aided by Asian currency weakness helped Ugiand International turn in a strong set of full-year figures - its first since restructuring to become a vehicle shipper.

Overall turnover for 1997

finance houses, who which The company underwent retailers if they can cut their a £100m reverse takeover in 1996 which combined the Mr Cran said Cattles sim-Ugland family's vehicle shipply could not handle all the ping interests. Ugland said 40 per cent of potential business from the its revenue came from trans-

big retail groups, some of which are rejecting 10,000-15,000 clients as bad credit domestic sales slumped in Cattles lifted 1997 profits the wake of the economic 17 per cent to £39.6m before upheval in the region.

increased from £63.2m to £89.4m, of which £73m (£39.1m) derived from continuing operations. The vehicle transportation

(£3.2m) to underlying profits from continuing operations of £24.1m (£4.5m) on turnover of £39.1m (£3.16m). Refrigerated vessels gener

business contributed £22.9m

£4.9m (£3m) on turnover of £35.7m (£28.6m). The pre-tax

improved from £3.05m to £13.3m after net exceptional losses of £7.1m (£350,000) porting export vehicles for from the discontinued con-Nissan and Daewoo, after tainer vessel fleet and container liner operations.

Last month Ugland acquired the US-based Auto-Port group for £12.2m.

#### future production, he said that the company was partic-Acquisitions help lift Bodycote

Shares in Bodycote International rose 110p to £11.57% yesterday as the metal technology company reported that acquisitions and strong organic growth had fuelled a 77 per cent advance in 1997 pre-tax profits to £51.1m (\$85m).

The results, which also showed a 61 per cent rise in turnover to £206m, were the first since Bodycote raised

3.25 2.5 2.05 6.5

Date of payment

£99.3m for the £60.7m take- ing these results." over of Hit, a French heat treatment group. The company saved about £2.25m by not underwriting the deeply discounted rights issue, priced at 500p.

lished in the region."

iana and Texas.

executive, said there had been some concern among analysts at the time about its rush of equity-backed acquisitions, but added: "They can't be anything but happy at the moment follow-

Total for

Bodycote, which has about £20m of net cash left after the fundraising, had "one or two more deals in the pipeline" in the US and continental Europe, he said, but "we John Chesworth, chief will not spend as much on

> there is not the same size of opportunity as Hit". Organic growth of 27 per cent partly reflected stronger markets in heat treat-

acquisitions this year, as

Cattles set for 'quantum leap'

ment, which accounts for growth back to 19 per cent.

By George Graham

Cattles, the credit company that targets higher-risk borrowers, saw its shares rise 8 per cent vesterday to 584%p as it held out the prospect of annual earnings growth rates above 20 per cent.

The rise was echoed by other second-tier financial companies, whose shares have begun to attract the attention of investors who feel the mainstream banks are losing steam after two years of outperformance.

St James's Place, the holding company for life assurer J Rothschild Assurance, climbed 22 per cent to 2831/4p, and Sun Life & Provincial, another life assurer, rose 5 Cattles' traditional busi-

ness, in which it lends sums up to £500 (\$835) to lower income families with repayments collected in person each week, has delivered a steady stream of earnings for the last five years.

But Eddie Cran, chief executive. sees the potential for much faster growth in other

forms of lending to house-

## PROFIT GROWTH UNDERPINNED BY STRONG TRADING CASH FLOW

AMEC, the international engineering, construction and development group, reports on the year ended 31 December 1997.

#### Highlights

- 26 per cent increase in profit before exceptional items to \$47.5 million
- Strong trading cash flow net cash £94.3 million (1996 £61.3 million) Order book up nine per cent at \$3 billion
- Operating profit from Fairclough Homes more than doubled to £16.2 million
- £7.5 million first-time contribution from investment in Spie Batignolles
- Dividend increased by 25 per cent

	1997 £ MILLION	1996 £ MILLION	PER CENT INCREASE
Turnover	2,774.3	2,768.5	
Profit before exceptional items and taxation	47.5	37.7	+ 26%
Profit before taxation	68.4	27.2	+151%
Net cash balances	94,3	61.3	+ 54%
Earnings per ordinary share			
Basic:			
including exceptional items	16.5p	· 4.7p	+251%
excluding exceptional items	10.2p	9.6p	+ 6%
Fully diluted:	•	•	
including exceptional items	15.2p	7.3p	+108%
excluding exceptional items	10.9p	10.5p	+ 4%
Dividends per ordinary share	5.0p	4.0p	+ 25%

The recommended final dividend of 3.25p per share will be paid on 1 July 1998 to ordinar reholders on the register on 24 April 1998.

Group chief executive, Peter Mason, commented:

The outlook for AMEC is more positive today than it has been for some time. We expect to make considerable progress in the foreseeable future and we will continue to seek improvement in the quality of our profits.



The 1997 annual report and accounts will be posted to shareholders on 8 May 1998. To obtain a copy please contact AMEC plc., 1 Golden Lene, London ECTY ORR. Telephone: (0171) 574 3999. Further information on the group and the preliminary announce of the 1997 results can be found on www.amec.co.nk

#### PAN-HOLDING

Société Anonyme - Luxembourg R.C. Luxembourg B 7.023 7, Place du Théâtre, Boîte Postale 408, L-2014 Luxembourg Téléphone: (352) 46 24 01/46 24 02 Téléfax: (352) 46 25 27

**FISCAL YEAR 1997** 

the financial year 1997. The accounts show a net profit of US \$ 30,065,070.

The total net asset value as of December 31, 1997 amounted to US \$ 314,571,949.

At its meeting of March 10, 1998, the Board of Directors finalised the accounts for

As of December 31, 1997, the Dividend Share reached a net asset value of US \$ 420.76. Compared to the December 31, 1996 net asset value of US \$ 399.98, this represents a 5.2% rise over the previous year, or a 6.7% increase, if one takes into account the US \$ 6.10 dividend paid on June 2, 1997.

As of December 31, 1997, the Capital Share reached a net asset value of US \$ 433.33. Compared to the December 31, 1996 net asset value of US \$ 406.07, the increase over the year represents 6.7%.

Longer term results show the net asset value with dividends reinvested, expressed in US \$, rose by 11.68% annualized over 5 years, by 8.35% annualized over 10 years and by 12.10% annualized over 15 years, for the periods ending December

The Board of Directors decided to propose to the Annual General Meeting to be held on April 28, 1998:

- the payment to each Dividend Share, outstanding as at the close of business of stock exchanges on May 29, 1998, of a dividend of US\$ 6.40 (six dollars and forty cents) for the year 1997, to be compared with the dividend of US \$ 6.10 paid in 1997 for the year 1996;

the attribution of the amount corresponding to the dividend to the Capital Shares.

The dividend of US \$ 6.40 per Dividend Share is free of withholding tax in Luxembourg and would be payable as of June 2, 1998.

On March 16, 1998, the oeographical breakdown of assets was as follows:

OU WELCH IO' 1990' TIC	9009		
Cash North America Pacific Basin (excluding Japan)	12.42% 22.68% 6.06%	Japan Europe South Africa	5.78% 52.69% 0.37%

NET ASSET VALUE AS OF MARCH 18, 1998									
PER SHARE OF US \$ 50	DIVIDEND SHARE	CAPITAL SHARE							
	US\$	USS							
. — . ace	461.95	475.75							
NET ASSET VALUE	464.26	478.13							
SALE PRICE PEPURCHASE PRICE	459.64	473.37							

# Prices lower in nervous trading

**GOVERNMENT BONDS** By Vincent Boland in London and John Labate in New York

Bond markets closed lower in nervous trading after evidence of an increase in US inflation and an interest rate rise in Finland again raised the possibility of generally higher rates.

Activity was subdued in 5.611 per cent. both the cash and futures short and long-dated stock.

the short and long ends." said Graham McDevitt, head of global bond strategy at showed the deficit grew to Paribas in London.

Markets took their cue from US TREASURIES, the decline in exports was

which retreated after the attributed to a fall in aircraft benchmark bond was down 🐰 at 10211, sending the yield up to 5.931 per cent.

Among shorter-term issues the two-year note fell 3 to 99% yielding 5.550 per cent while the 10-year note was down 🛔 to 991, yielding

Consumer prices in Februmarkets, but inflation and ary were reported to have interest rate news hit both risen 0.1 per cent, in line with expectations. However, "Yield curves all moved the core rate, excluding higher and flattened on that energy and food, was up 0.3 combination of negatives for per cent, slightly higher than expected.

The latest US trade figures \$12.04bn in January, from December's \$10.9bp. Much of

release of new figures on sales, Also, in the latest sign release of initial unemployment claims showed a rise of 9,000 to 308,000 in the week to March 14.

The market is still in this situation where the domestic economy remains strong and the Asian crisis hasn't yet affected the US economy in terms of trade," said Kathleen Stephansen, senior economist at Donaldson. Lufkin & Jenrette.

GERMAN BUNDS buckled after the US figures, ignoring some positive domestic data. Money supply grew at a slower rate than expected in February, while the widely watched Ifo survey of business confidence fell slightly in the month.

itive for interest rates, but consumer prices and trade, that the labour market Finland's move for domestic ling bond, a so-called "gilt By midday the 30-year remains tight, a separate reasons, was a jolt. The surrogate", to £750m. The Bundesbank yesterday left June gilt future settled at its own interest rate regime 107%, down 10, on turnover unchanged, but analysts of 75,000 contracts. recalled that the last time the Finns raised their rates, the Germans quickly fol-

> were not linked, the effect of \$16.7bn. yesterday was psychological. The June bund future settled down 0.32 at 107.44, with UBS, said the calendar about 320,000 contracts would make the government changing hands on the DTB by late afternoon.

lowed suit.

notional June future settled 0.39 lower at 103.77. UK GILTS were also hit by long end was further undermined by the European he said.

In FRENCH BONDS, the

Both were regarded as pos- investment Bank's move to increase its long-dated ster-

The calendar of new gilt issuance was also published, with £14.2bn of new gilts said to be coming on stream. Though the two events compared with redemptions

> Andrew Roberts, director of bond market strategy at a net redeemer of gilts for the first time since 1991 and leave the market starved of liquidity at a time of heavy demand.

"There is demand/supply news from the US while the mismatch which has not been addressed properly,"

## DMO to auction \$14.2bn of gilts

By Vincent Boland

The UK Treasury said vesterday the new debt management office (DMO), which is to take over responsibility from the Bank of England for running the government bond market, would hold six gilt auctions in the 1998-99 financial year to finance the government's £14.2bn borrowing requirement.

Some £10.7bn of the requirement will be raised by issuing conventional gilts, with an additional £3.6bn in index-linked gilts. The conventional gilts will be issued in four auctions,

November early December, and March 24 next year. Auction sizes will range from £2bn to £3bn, with 25 per cent in short-dated gilts, 25 per cent in mediums and

on May 20, July 29, late

50 per cent in longs. There are no current plans to issue gilts with a maturity of less than three years. although existing issues may be added to for market management purposes, the Treasury said in its quarterly

deht management report.

The DMO will offer to convert non-strippable gilts into benchmark strippable issues. "Assuming market conditions allow, liquidity in the new short benchmark stock should be partly addressed by conversion offers," the report said.

Two auctions of indexlinked gilts will be held, on October 28 and January 27. ranging from £500m to £1bn. The rest will be in form of taps, which will be issued in the first half of the year.

The DMO plans to issue at least £2.5bn of index-linked gilts a year to maintain liquidity, and a separate market-making group is also to be introduced.

NEWS DIGEST

SOUTH KOREAN REFINANCING

## Strong response paves way for ratings upgrade

The strong response to South Korea's programme for refinancing short-term bank debt should encourage rating agencies to upgrade the country's credit rating and pave the way for its expected return to the international capital markets, bankers

close to the deal believe. With positive responses of almost \$22bn, covering 97 per cent of the short-term bank debt affected, the deal - hatched amid fears that Korea would default on its international obligations tast

Christmas - is due to be signed in Secul on March 31. Bill Rhodes, the Citibank vice-chairman who co-ordinated syndication of the refinancing, said replies were well above the \$17bn seen as the minimum for the refinancing to count as a success. A further sign of market confidence in the administration of Kim Dae-jung, Korea's new president, was the fact that some 40 per cent of creditors having opted for the longest, three-year refinancing option, he said.

The feeling that South Korea's prospects were now improving had already led to an increase in trade finance and augured well

for a speedy return to the capital markets, he added. Bankers expect South Korea to launch a \$3bn bond issue early next month through Goldman Sachs and Salomon Smith Barney, but it may have to pay 350 to 400 basis points more than US Treasury yields because it is still not rated investment grade by

Moody's and Standard & Poor's, the largest US agencies. Korea alms to build up its reserves to \$40bn this year and is expected to stagger its borrowing programme to exploit the prospect of its ratings being raised. Thailand is expected to follow Korea to the international capital markets with a bond issue in May. Peter Montagnon, London and John Burton, Seoul

EMERGING MARKET DEBT

### Threat seen to JP Morgan's lead

The supremacy of J.P. Morgan in the market for Brady bonds and other emerging market debt is rapidly coming under fire, according to the latest annual survey by Emerging Markets Investor, the trade publication.

J.P. Morgan came out top again last year, but increased its trading volume by only 12 per cent to \$1.052bn. Chase is estimated to have increased its volume by 56 per cent to \$810bn, while Deutsche Morgan Grenfell achieved a 202 per cent increase to \$790bn.

Overall, volumes for the top 20 houses increased by 61 per cent in what was an extraordinarily volatile year for emerging debt markets. Spreads had narrowed to record levels during the first three-quarters of the year, only to collapse as the Asian crisis enguifed Hong Kong and Korea. A number of banks have had to make substantial provisions to cover exposure to Asian debt.

The European banks continued to make strong headway. ING Barings maintained its fifth position with volume of \$325bn, but ABN Amro, UBS and Paribas moved strongly up the ranks. Other strong performers included Lehman Brothers, while Citibank and Bear Steams lost ground. Simon Davies

## **UK** student loan bonds launched

INTERNATIONAL BONDS By Simon Davies and Samer Iskandar

The UK's student loan bond market got off to a healthy start yesterday, when Greenwich NatWest launched £1.03bn of bonds through The Higher Education Securitised Investments Series No 1 (Thesis).

The bonds were issued in four tranches, rated from Aaa/AAA to Baa3/BBB, and the £767.5m top-rated tranche was 1.53 times subscribed. "It was the introduction of a new asset class into as did TMCC, the financing the sterling market, and arm of Toyota, the Japanese there was a strong interest from a wide range of

accounts." said NatWest. However the third, £101.3m tranche, was marginally undersubscribed. The government is expected to institutional investors.

sell a further \$2.5hp of student loans in the next year. The EUROPEAN INVEST-MENT BANK increased its 30-year sterling bond by £250m to £750m.

"This was a case of there not being enough long duration stock in the sterling market to meet demand, said Goldman Sachs, joint lead manager. It claimed this was the largest EIB sterling deal to be launched in a sin-

gle tranche. HAMMERSON, the UK property group, also capitalised on sterling bullishness with a £200m 30-year issue, car manufacturer.

TMCC, which usually targets retail investors with short-dated issues, yesterday widened its investor base with a 10-year deal aimed at

_	Amount	Coupon	Price	Maturity	Fees	Spread	Book-runner
Borrower	m.	%			%	bp	
■ US DOLLARS							
Goldman Sachs Group(a):	500	(a1)	99.71R	Apr 2005	0.30 <b>0</b> R	-	Goldman Sachs
₩ STERLING							
Thesis No 1(b):	1.03bn	-	-	~	-	-	Greenwich NatWest
European Inviment Bank(c)	250	6.00(s)	98.45R	Dec 2028	0.45R	+25/6% Dec28;	Bardays/Goldman Sachs
Toyota Motor Credit Corp	250	6.25(s)	99.146R	Dec 2007	0.325R	+35(71/aDec07)	Sarcleys/Memil
Hammerson plc	200	7.25	99.131R	Apr 2028	0 625R		Barclays/HSBC Markets
Rheinische Hypotei-embank	150	7 1256)	99.905F	Apr 2000	0.125R	+59(8% Dec00)	Lehmen Brothers
FRENCH FRANCS							
Cades	4bn	5 2 5	99 684R	Oct 2012	0.375R	+18(1)	CAVJP Morgan
Bank Austria‡	375	(d)	100 325R	May 2008	0 325R	-"	CDC
S GUILDERS							
VNU(a)§	650	2 75	100.00	Apr 2005	2.50	-	ING Barings/MSDW
Wollers Kluwer	500	5.25	99.77R	Apr 2008	0.425R	+370)	ABN Armo
■ EUROS							
Parmalat Finance Corp.	500	(f)	100R	Apr 2005	0.35R	-	JP Morgan/Paribas

\$Conventible, 3 Floating-rate note. R: fixed re-offer pincs: fees shown at re-offer level, at Callable from Apr 01 at par. at)
3-mith Libor +30bp. b) 6-tranche deal backed by student loans originated by the Student Loan Company. c) £500m launched
Wedneaday increased to £750m, d) 4% until 27/05/02 then Tec-10 -20bp. e) Conversion pince Fi 91.13. Callable after 3 yrs

6 375 99 75R Apr 2001 0.25R

the debt of the social security system, launched the first. French franc-denominated tranche of a multicurrency euro-fungible pro-

III NEW ZEALAND DOLLARS

Toyota Finance Australia

CADES, the French state • In a roadshow for Russia's Roughly one-third would backed entity that manages planned DM1bn seven-year come from the World Bank bond, Mikhail Zadornov, and the International Monefinance minister, said this year's overall borrowing volume would again total some \$10bn. Andrew Fisher writes from Frankfurt.

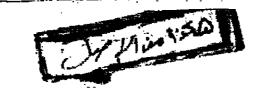
tary Fund, up to \$3.5bn from capital markets, and a further \$3bn from credits tied to the supply of goods or

WORLD	BONI	) PRI	CES													2. 6
BENCHMA		GOVE						_	BOND	FUTU	res ai	ND OP	TIONS			
Mar 19	Red Date	Coupon	Sid Price	Ski Yieki	Day chg	Wk chg yield	Month chg yk	Year chig yid	France							
Australia	04/0G 10/07	7.000 10.000	103.9051	4.98	-0.01 +0.01	-0.08 -0.14	-0.17 -0.04	-1.75 -2.25	III NOTICKA	l ribicii	BOND FUTUR	RES (MATIF)	FF:500,000			
Austria	09/99 07/07	7.00g 5.625			+0.02	+0.04	+0.02	-0.05 -0.84	Jan	Open 104.11	Sett price 103.77	Change -0.39	High 104,15	Low 103.76	Est. vol. 73,431	Open int. 117,791
Belgiana	01/00	4.00g 6.250	98.9000	4.05	+0.04	+0.05	+0.05	+0.12	Sep ·	103.70	103,33	-0.43	103.70	103.70	\$	76
Canada	09/99	4.750			-0.01	-0.06	-0.18	+0.25		RM FRENC	H BONED OP		<u> </u>			
	06/07	7.250	113,5000	5.35		-0.02	-0.05	-1.25	Strike Price	Ao	CAL		<del></del> Jun	Apr	PUTS	Jun
Decemberik	12/99 11/07	6.000 7.000	102.8100 113.8000		+0.06 +0.04	+0.10 +0.01	+0.13 -0.08	-0.08 -1.56	102 103	20 1.1	6 2	16 2	2.29	0.01 0.07	0.12 0.30	0.25 0.48
Flutner!	01/99 04/06	11.000 7.250	105.7106 115.6300		+0.09 +0.05	+0.18	+0.03	-0.21 -1.36	104 105	0.3 0.0	8 Q.I	59 C 28 C	).90 ).47	0.33 1.01	0.64 1.23	0.86 1.41
France	01,00	4.000	99_9790		+0.08	+0.10	+0.08	+0.14	Est wat hook i	ČPE 1935	Pars 13.773 Pro	MOUS ARY'S OD	ea int. (24% €	712 Parts 82	506A	
	10/04 10/07	6.750 5.500	111.8500 104.4000		+0.05 +0.04	+0.05	-0.01 -0.04	-0.74 -0.88								
	10/25	£.000	107.5400	5.48	+0.04	+0.03	-0.06	-1.19	Germany							
Caracary .	09/99	4.000	100.1400		+0.06	+0.11	+0.09	+0.08		•	ROM RM	RES (LETTY	: DM250 000	100ths of 1	100%	
	11/04 07/07	7.500 6.000	115.5400 108.0700		+0.06 +0.04	+0.05 +0.04	+0.01 -0.03	-0.74 -0.91			Sett once		High	Low	Est. vol	Open tot.
	07/27	6.50D	115.1200		+0.03	+0.02	-0.08	-1.22	Jun	Open 107.70	107.44	Change -0.32	107.78	107.30	135800	209171
treiand	04/99 08/06	8.250 8.000	101.7600 119.8700	4.47 5.04	+0.04 +0.03	-0.12 -0.02	-0.31 -0.13	-1.72 -1.93	Sep	-	107.02	-0.30	-	-	0	92
italy	05/00	6.000	102,9600	4,51	+0.04	+0.03	-0.15	-2.78	IN BUND FO	TURES OF	noes (Liffe)	DM250,000	points of 10	10%		
	05/02 07/07	6.250 6.750	105,7000		+0.03	+0.04	-0.13 -0.13	-272 -268	Strike		CA	21			PUTS —	
	11/26	7.250	111.7900 122.6900		+0.01	-0.02	-0.14	-2.05 -3.05	Price	Apr	May		Seep Ap	r May	Jun	Sep
Japan	03/00	6400	111,4500	0.59		+0.02	-0.14	-0.09	10700	0.51			27 0.07		0.59	1.25
	12/02	4.800	116.7000		+0.01	+0.02	-0.15	-0.46	10750 1 <b>08</b> 08	Q.18 Q.04			02 0.24 81 0.61		0.80 1.06	1.50 1.79
	09/05 09/17	3.000 3.000	108.9500 109.4900	1.58 2.39	+0.01	-0.01 -0.03	-0.15 -0.17	-3 66 -0.66	Est val lotal,							1.73
Rothertands	11/99	7.500	105.4400	3.99	+0.06	+0.11	+0.09	+0.04								
Man Westerd	02/07	5.750	105,1900	4.87	+0.04	+0.04	-0.01	-0.89	III NOTIONA		BUND (BOB	L) FITTURES	(DTB) DA	250,000 10	Oths of 100	P4
How Zeeland	02/00 11/06	6.500 8.000	97.7515 106.5246	7.81 6.96	+0.19 +0.12	+0.32	+0.32 +0.15	+0.03 -0.90		Open	Sett price	Change	High	Low	Est. vol	Open Int.
Ronway	01/99 01/07	9.000 6.750	103.8000 f 10.4500	4.35 5.24		+0.02	+0.21 +0.07	+0.23 -0.90	Jun Sep	105.40	105.12 104.95	-0.31 -	105,43	105.05	152,274 300	194,777 250
Portugal	03/99 02/07	8.500 6.625	104.2845 111.1600	4.03 5.04	+0.02 +0.01	+0.05 +0.01	-0 11 -0,12	-2.17 -2.00								
Spale	07/99 03/07	7.400 7.350	104.1239 116.6497	4.17 5.01	+0.06	+0.10 -0.01	-0.20 -0,11	-1.80 -2.17	III NOTROLA	Open	Sett price	Change	DM250,006 High	100ths of 1	Est voi	Open int.
Sweden	01/99 08/07	11.000 8.000	104.9980 119.5290	4.74 5.30	+0.10 +0.04	+0.08 +0.02	+0,07 -0,15	-0.42 -2.18	Jun Sep	Орса	105.20 105.00	-0.24 -0.24	1301	Com.	0	559 0
Switzerland	05/00 06/07	5.000 4.500	106.4000 113.4500	1.56 2.82	+0.07 +0.07	+0.20 +0.17	+0,39 +0,13	-0.17 -0.90	italy		100-00	-02-			•	•
UK	06/99	6.000	99,0547	6.71		+0.03	+0.03	-0.22	MANOCTORE IN	L TTALIAN	BOYT. BORD	(STP) FUTU	MES (UFFE).	Ltra 200m	1001ths of 1	<b>,00%</b>
	11/04	6.750	103.5938	6.09	+0.04	+0.03	+0.03	-1.38		Open	Sett price	Change	High	Low	Est. voi	Open Int.
	12/07 06/21	7.250 8.000	109.3125 126.4063	5.97 5.90	+0.04	+0.03 +0.02	+0.02	-1.60 -1.60	Jun C	119.25	119.14	-0 19	119.37	119.03	40905	136584 5207
<u></u>	10/99	5.625	100.0960	5.56	+0.04	+0.06	+0.18	-0.65	Sep	-	119.46	-0 19	•	-	0	3207
-	11/04	7.875	112.1020	5.67	+0.04	+6.04	+0.14	-0.90	E ITALIAN (	BOYT, BOXE	(81P) F(11	JRES OPTIO	es (Litte) L	ra200m 100	1606 of 100°	4
	08/07 08/27	6.125 6.375	103.2370 105.7560	5.58 5.98	+0.03	+0.05	+0.13 +0.09	-1.06 -1.03	Strike			15			PUTS -	
	01/00	4.000	98.8100	4.10	+0.04	+0.03	-0.10	-0.47	Price		lan .	Sep		Jun		Sep
	04/07	5.500	103.7300	4.98	+0.04	+0.03	-0.07	-1.40	11900 11960		.91 .66	1.61 1.35		0.77 1.02		l.15 l. <b>39</b>
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Mar 19	Yield	VS Burnds 7	+8 -Bonds			Yield	VŞ Bunds	YS T-Bonds		Open	Sett price	Change	High	Low	Est. vol.	Open int.
Australia.	5.72	+0.83	+0.12	New Zeals	and .	6.96	+2.07	+1.36	Mar	_	109,49		-	-	25,283	10,976
Austria Paintern	4.98	+0.09	-0.62	Marway		5.24	+0.35	-0.36	Jean	109.00	109.20	+0.17	109,25	108.93	49,909	101,725
Belgium Canada	4.98 5.35	+0.09 +0.46	-0.52 -0.25	Portogal Spain		5.04 5.01	+0.15 +0.12	-0.56 -0.59	UK							
Denmark	5.14	+0.25	-0.46	Sweden		5.30	+0.41	-0.30	III NOTICIAL	. 5 YEAR G	alt fytures	ETHED ETC	10,000 100th	s of 100%		
Finland France	4.86 4.91	-0.03 +0.02	0.74 0.69	Switzerian UK	đ	2.62 5.97	-2.07 +1.06	-2.78 +0.37		Open	Sett price	Change	High	Low	Est. vol	Open Int.
Certeany	4.89		-0.71	US		5.60	+0.71	-	Jen	102.45	102.34	-0.15	102.59	102.30	526	11272
tretand Raty	5.04 5.13	+0.15	-0.56	ECU		4.98	+0.09	-0.62	Sep	-	103.49	-0.15	-	-	0	0
gabau gasi	1.59	+0.24 -3.30	-0.47 -4.01	Species into					MANOGENE M	UK GELT	मा सिष्णान	<del>1</del> 50,000 ±	0 32mds of 1	00%		
Netherlands	4.87	-0.02	-0.73	Accombact			-			Open	Sett price	Change	High	LOW	Est. voi	Open int.
<b>EMERGING</b>	MA	rket	BONI	DS					Mer	125-28	125-22	-0-14	125-26	125-27	26	534

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SE Actual Indices Bits to 5 years (20) 15 years (20) 15 years (48) 11 stocks (48)	eries	7hr Mar 19 119.58 162.42 200.20 250.86	Chang C C C	y's W ge % Ma 1.07 120 1.29 160 1.57 201 1.91 253	18 k 1.14 2.88 1.35 3.17	1.77 2.68 2.54 4.29	ytd 2.1 1.1	73 5 yrs 70 15 y 89 20 y		Low c Mar 19   6.17 5.93 5.92 6.05	50upon yiel Mar 18 Yi 6.14 5.87 5.67 5.69	d1 . ago Ma 7.13 6. 7.61 5. 7.69 5.	Hedium (r 19 Ma) 27 6 95 5 93 6	3.23 7 3.90 7 3.88 7	7.19 7.61 7.54 Bon 10%	— High c Aar 19 A 6.29 6.05 6.05	6.26 6.00	7.23 7.53
SE Actualization indices its to 5 years (1) 15 years (2) 15 years (2) 16 years (48) 4 stocks (48) 4 stocks (48) 4 stocks (48) 5 years (1) 10 5 years (1) 10 5 years (1)	eries	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 214.17 221.20	Chang Chang -C -C -C -C	y's War Man	18 k 1.14 2.88 1.35 1.35 5.01	1.77 2.68 2.54 4.29 2.41	ytd 2.7 1.7 1.1	73 5 yr 70 15 y 98 20 y 97 jrred 25		Low c Mar 19   6.17 5.93 5.92 6.05	50upon yiel Mar 18 Yr 6,14 5,87 5,87 5,89 Faction 5% Mar 18	d   . ago Ma 7.13 6. 7.61 5.	Hedium (r 19 Ma) 27 6 95 5 93 6	ar 18 Yr  1.23 7  1.90 7  1.88 7	7.19 7.61 7.54 Fion 10% Mar 18	— High c Aur 19 A 6.29 6.05 6.05	6.26 6.00	7.23 7.53
SE Actual indices little state of the second s	eries	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 214.17 221.20 219.39	Chang	y's War 10,07 1229 167 167 167 167 167 167 167 167 167 167	18 kg	1.77 2.68 2.54 4.29 2.41 0.66 1.30 1.23	ytd 2.1 1.3 1.1 2.2 2.2 1.82 1.82	73 5 yr 70 15 y 98 20 y 97	5 15 15 15 15 15 15 15 15 15 15 15 15 15	Low of Mar 19   5.17   5.93   5.92   6.05   Institute   Mar 19   2.81   2.90	Supon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mar 18 2.78 2.89	d - 1 . ago Ma 7.13 6. 61 5 .69 5 .77 Yr. ago	Hedium (r 19 Ma) 27 6 95 5 93 6	ar 18 Yr 1.23 7 1.90 7 1.88 7 	. ago   7.19 7.61 7.54 50n 10% Mar 18	— Migh c Agr 19 A 6.29 6.05 6.05 Yr. ago	6.26 6.00	7.23 7.53
SE ACTUS Indices Sits to 5 years (1-15 years (20) her 15 years (20) her 15 years (48) is stocks (48) is thicked to 5 years (10 is stocks (12) ge goes retempti	eries	Thu Mar 19 119.58 162.42 200.20 250.86 154.37 214.17 221.20 219.39 9 SHOWE A	Chang	y's War 10,07 1229 167 167 167 167 167 167 167 167 167 167	18 kg	1.77 2.68 2.54 4.29 2.41 0.66 1.30 1.23	ytd 2.1 1.3 1.1 2.2 2.2 1.82 1.82	73 5 yr 70 15 y 98 20 y 97	5 15 15 15 15 15 15 15 15 15 15 15 15 15	Low of Mar 19   5.17   5.93   5.92   6.05   Institute   Mar 19   2.81   2.90	Supon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mar 18 2.78 2.89	d - 1 . ago Ma 7.13 6. 61 5 .69 5 .77 Yr. ago	Hedium (r 19 Ma) 27 6 95 5 93 6	ar 18 Yr  1.23 7  1.90 7  1.88 7	7.19 7.61 7.54 Fion 10% Mar 18	- Filigh c Agr 19 A 6.29 6.05 6.05 Vr. ago	6.26 6.00	7.23 7.53
SE Actus Indices Sits Indices Sits In 5 years (20) Vor 15 years (20) Vor 15 years (40) Indices	est inc	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 221.20 219.39 stoom at 10.25 3 Mar 1 10.4 20 11	-Change -Chang	y's Ware % Man 10.07 121.029 165.029 165.05 175.005 214.11 219.00 Bandic Low 17 Mar 16	18 kg 1.14 2.88 3.35 3.17 5.01 28 29 09-74%; 1	1.77 2.88 2.54 4.29 2.41 0.66 1.30 1.23	22: 1.1. 1.1. 2.2: 1.8: 1.8:	73 5 yrc 70 15 y 88 20 y 77 Irred 25 Over Hight 119	S TS	Low c Mar 19   6.17 5.93 5.92 6.05 	Coupon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mer 18 2.78 2.78 2.89 yiu year to da	d — 1. ago Ma 7.13 6. 5. 6.69 5. 7.77 Yr. ago 3.25 3.54 is.	19 Mar 17 18 Mar 17 19 Mar 17 19 Mar 17	18 Yr 123 7 190 7 188 7 	7.19 7.61 7.54 T.54 T.54 T.54 T.95 2.57	- Migh c Agr 19 A 6.29 6.05 6.05 - Yr. ago 2.59 3.36	6.26 6.00	7.23 7.53 7.54
SE ACTUS indices sits to to 5 years (in- 1-15 years (20) ver 15 years (20) ver 15 years (20) ver 15 years (48) in to 5 years (10) in to 5 years (1	est income	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 221.20 219.39 8 stower at 50.53 at 50.	-Change -Chang	y's War 16 War 1	7 18 kg 1.14 2.88 1.35 3.17 5.01 28 52 59 69 794% 1	1.77 2.68 2.54 4.29 2.41 0.66 1.30 1.23 Mediam 8	2.1.1.1.1.1.1.2.2.2.2.4.1.88 1.88 1.88 1.88 1.88 1.88 1.88 1.	73 5 yr. 70 15 y 88 20 y 77   rest 78   Lip a 7	S IS	Low 6 Mar 19   6.17 5.93 5.92 6.05 Inst Mar 19 2.81 2.90 Flat years	20upon yiel Mar 18 Yi 8.14 5.87 5.87 5.89 Mar 18 2.78 2.78 2.78 2.89	d - 1 . ago Ma 7.13 6. 5. 5. 5. 7.77 Yr. ago 3.25 3.54	19 Mar 17 18 Mar 17 19 Mar 17 19 Mar 17	18 Yr 123 7 190 7 188 7 	7.19 7.61 7.54 T.54 T.54 T.54 T.95 2.57	- Migh c 19 A 6.29 6.05 6.05	6.26 6.00 5.99	7.23 7.53 7.54
SE ACTUS Indices Sits p to 5 years (1-15 years (20) year 15 years (20) year 15 years (48) in the second (48)	est income	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 221.20 219.39 8 stower at 50.53 at 50.	-Change -Chang	y's War 16 War 1	7 18 kg 1.14 2.88 1.35 3.17 5.01 28 52 59 69 794% 1	1.77 2.88 2.54 4.29 2.41 0.66 1.30 1.23 Median: 81 1.23 1.23 Median: 81 1.23 1.23 1.23	2.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	73 5 yr. 70 15 y 88 20 y 77   rest 78   Lip a 7	3 rs	Low 6 Mar 19   6.17 5.93 5.92 6.05 Inst Mar 19 2.81 2.90 Flat years	Coupon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mer 18 2.78 2.89 yith Year to do Mer 11 140.88 wr 49.18 (63)	d - 1 . ago Ma 7.13 6. 5. 5. 5. 7.77 Yr. ago 3.25 3.54	19 Mar 17 18 Mar 17 19 Mar 17 19 Mar 17	18 Yr 123 7 190 7 188 7 	7.19 7.61 7.54 7.54 600 10% Mar 18 1.95 2.67	- Migh c 19 A 6.29 6.05 6.05	idar 18 6.26 6.00 5.99	7.23 7.53 7.54
CE Actus Indices Its 5 years (20) or 15 years (20) or 15 years (20) or 15 years (40) of years (40) distocts (48) distocts (48) distocts (12) goes redempt lixed Inter- lixed Inter- lixed (14) lixed (14) lixed (14) lixed (14) lixed (14) lixed (14) lixed (18)	est ind	7hu Mar 19 119.58 162.42 200.20 250.86 154.37 214.17 221.20 219.38 6 tenum a	-Change -Chang	75 Mar 101 121 122 123 124 125 125 125 125 125 125 125 125 125 125	7 18 In 11 14 2.88 2.86 2.85 3.17 5.01 28 28 5.52 5.52 5.69 6.09-74%; I	1.77 2.88 2.54 4.29 2.41 0.66 1.30 1.23 Median: 81 1.23 1.23 Median: 81 1.23 1.23 1.23	2.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	73 5 yr. 70 15 y 89 20 y 15 y 89 20 y 17   75   Up a 5   76   Up a 6   77   Over   78   Up a 7   79   Up a 7   79   Up a 7   79   Up a 7   70   Up a 7   70   Up a 7   70   Up a 7   70   Up a 7   71   Up a 7   71   Up a 7   72   Up a 7   73   Up a 7   74   Up a 7   75   Up a 7   76   Up a 7   77   Up a 7   78   Up a 7   79   Up a 7   79   Up a 7   70   Up a 7   70   Up a 7   71   Up a 7   71   Up a 7   72   Up a 7   73   Up a 7   74   Up a 7   75   Up a 7   76   Up a 7   76   Up a 7   77   Up a 7   78   Up a 7   79   Up a 7   79   Up a 7   70   Up a 7   70   Up a 7   70   Up a 7   71   Up a 7   71	15 175 175 175 175 175 175 175 175 175 1	Low 6 Mar 19   6.17 5.93 5.92 6.05 Inst Mar 19 2.81 2.90 Flat years	Coupon yiel Mar 18 Yi 8.14 5.87 5.99 Faction 5% Mar 18 2.78 2.78 140.8 W 49.18 (3) 2.74 140.8 W 49.18 (3) 2.74 2.75 2.76 2.76 2.76 2.76 2.76 2.76 2.76 2.76	1 - 1 - 1 - 390 Ma 1.61 5 5 1.77 - 390 3.25 3.54 m. 3 Mar 18 3 140.98 m. 3	19 Mar 17 18 Mar 17 19 Mar 17 19 Mar 17	23 7 19 7 19 19 19 19 19 19 19 19 19 19 19 19 19	7.19 7.54 7.54 60e 10% Mar 18 1.95 2.67	— High c Aar 19 k 6.29 6.05 6.05	Hight 140,98	7.23 7.53 7.54
E Actus  to 5 years (20)  to 5 years (20)  to 15 years (20)  to 15 years (20)  to 5 years (20)  to 5 years (10)  to 5 years (10)  to 5 years (10)  to 5 years (10)  to 10)  to 10) so (10)  to 10) so (10) so (10) so (10)  to 10) so (10) so	est index and a second and a se	7hu Mar 19 119.58 12.02 200.20 250.86 154.37 214.17 214.17 219.38 3 Mar 1 1 109.58 67 159.58 67	Ozi chani -(-1	75 War 16 1 104.49 on 1879.9. General 104.49	118 In 11.14	1.77 2.88 2.54 4.29 2.41 0.68 1.30 1.32 3.88 1-23 400497. 61	224 1.1.1 1.1 2.1 1.8 1.1 1.1	73 5 yr. 73 15 yr. 74 15 15 15 15 15 15 15 15 15 15 15 15 15	Flored in 1922, 55 and over. †  Ploved in 1922, 55 and over. †  Red Price 65,7113-2, 65,23 118	Low c Mar 19   6.17   5.92   6.05   Iral Mar 19   2.81   2.90   7   2.90   7   2.90   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   7   2.90   2.90   7   2.90   2.90	Coupon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mer 18 2.78 2.89 yiel Year to do Mer 14 14.03 22 week High Lon 115-3, 112	1.300 Ma 1.13 6. 1.61 5. 1.69 5. 1.77 1.77 ago 3.25 3.54 in. 3. Mar 18 3. Mar 18 3. Mar 18 3. Mar 18	West 17 140.922	23 7.590 7.588 7.5	7.19 7.51 7.54  From 10% Mar 18 1.95 2.67  Ear 13 140.57	High c Ar 19 k 629 6.05 6.05 6.05 77 ago 118.05	Highr 140.98	7.23 7.53 7.54 Low 115.3
CE ACTUS  To 5 years (20)  To 6 years (20)  To 6 years (20)  To 7 years (20)  To 7 years (20)  To 8 years (20)  To 9 years (2	est indicate in a service of the ser	Thu Mar 19 119.58 162.42 200.20 250.86 154.37 221.20 219.39 160.28 3 160.28	Chan -( -( -( -( -( -( -( -( -( -( -( -( -(	75 Mar 107 121 129 165 1.57 20 1.57	118 In 11.14 In 11.15	1.77 2.68 2.54 4.29 2.41 0.68 1.30 1.33 Mediant 61 7 ago 93.88 11-22 93.88 11-22 100e 15/10 100e 2004 9 3 <sup>1</sup> -20 200 9 3 <sup>1</sup> -20 200 9 3 <sup>1</sup> -20 200	22-1.1.1.1.1.2.1.1.1.2.1.1.1.1.2.1.1.1.1	73 5 yrc 75 15 15 15 15 15 15 15 15 15 15 15 15 15	Fixed in Fixed Price 127 40 (00 ft 1924 SE at 1984 498 92 615 115 117 615 615 615 615 615 615 615 615	Low c sker 19   5.17   5.93   5.92   6.05   Instances   2.90   7.81   7.8	Coupon yiel Mer 18 Yi 8.14 5.87 5.87 5.89 Mer 18 2.78 2.89 Ver 10 do Mer 11 15-1, 112 118-1, 112 118-1, 112 118-1, 118-2, 82	1 - 1 - 300 Ma 1.13 6. 5. 6.69 5. 7.77  Yr. ago 3.25 3.54  a. 140 98 3.140	Vitar 17 140.92 Interest a	23 7.390 7.388 7.390 7.388 7.390 7.388 7.390 7.398 7.3	7.19 7.54 7.54 1.95 1.95 2.57  Mar 18 1.95 2.57  Mar 13 140.57	- High car 19 k 6.29 6.05 6.05 6.05 77 ago 2.59 3.36 77 ago 118.05	Highr 140.98	7.23 7.53 7.54 115.3
CE ACTUE  Indices  to 5 years (20)  In 15 years (20)  In 25 years (20)  International Lines (40)  Internationa	est income in the second secon	7hu Mar 19 119.58 120.22 250.85 154.37 2714.17 221.20 219.38 3 Mar 1 104.2 219.38 3 Mar 1 7.76 5.88 7.76 6.98 7.76 6.98	Oz chans -(-1	75 War 16 1 100 100 100 100 100 100 100 100 10	18 kg 1.14 2.88 2.85 3.17 5.01 5.01 6.01 6.01 6.01 6.01 6.01 6.01 6.01 6	1.77 2.88 1.77 2.88 2.54 4.29 2.41 0.66 1.30 1.23 4.29 2.41 1.12 2.31 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 1.23 4.29 2.41 2.31 2.31 2.31 2.31 2.31 2.31 2.31 2.3	224 1.1.1.1.2.1.1.1.1.2.1.1.1.1.1.1.1.1.1.1	73 5 yrc 75 98 20 15 98 20 17 17 17 17 17 17 17 17 17 17 17 17 17	Flored length of the state of t	Low of Mar 19   5.17 5.93 6.05 Institute 19 2.81 2.90 Part years 1 3.14 3.15 3.15 3.15 3.15 3.15 3.15 3.15 3.15	Coupon yiel Mar 18 Yi 8.14 5.87 5.89 Faction 5% Mar 18 2.78 2.89 You wan to do 15-1 115-1	1.300 Ma 1.13 6.5 1.61 5.69 5.77 17. ago 3.25 3.54 in 1.61 1.61 1.61 1.61 1.61 1.61 1.61 1.6	19   Mar   17   19   Mar   17   19   Mar   17   19   19   19   19   19   19   19	23 7 18	7.19 7.54 7.54 7.54 7.54 7.54 7.54 7.54 7.54	- High c Aar 19 A Aar	Highr 140.98	7.23 7.53 7.54 Low 115.3
E ACTUE  ratices  to 5 years (20)  r 15 years (12)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  pross redempti  xed Intervational 1 to the 140 set (18)  xed Inter	1710S  191  50  50  102.88  102.88  103.88  103.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88  104.88	Thu Mar 19 119.58 1162.42 200.20 250.86 154.37 221.20 219.39 18 Mar 1 2 219.39 18 Mar 1 7.76 5 7.715 7.75 6.58 6.59 6.59 6.59 6.59 6.59	0: chann -(	75 Mar 101 121 122 123 135 135 135 135 135 135 135 135 135 13	118 In 11.14 In 11.15	1.77 2.68 1.77 2.68 2.54 4.29 2.41 0.68 1.30 1.23 Mediant 61 1.23 Mediant 61 1.23 1.24 1.25 1.26 1.27 1.29 1.29 1.29 1.29 1.29 1.29 1.29 1.29	224 1.1.1 1.1 2.1 1.1 1.1 2.1 1.1 1.1 1.1 1	73 5 yrc 75 15 15 15 15 15 15 15 15 15 15 15 15 15	Fixed In Fix	Low of Mar 19   5.17 5.93 6.05 Institute 19 2.81 2.90 Part years 1 3.14 3.15 3.15 3.15 3.15 3.15 3.15 3.15 3.15	Coupon yiel Mar 18 Yi 8.14 5.87 5.89 Faction 5% Mar 18 2.78 2.89 You wan to do 15-1 115-1	1 300 Ma 113 6. 151 5 169 5 177  17. agg 3 Mar 18 3 Mar 18 3 140 98 3 175. Fixed 174 2 Index Lik 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Vitar 17 140.92 Interest a	18 Yr 1.23 7 1.58 7 1.58 7 1.58 7 1.98 2.69 1.98 2.69 1.98 2.69 1.98 2.69 1.98 2.69 1.98 2.69 1.98 2.69 1.98 2.78.9	7.19 7.54 7.54 1.95 1.95 2.57  Hear 13 140.57 140.57	- High c Arr 19 k 6.29 6.05 6.05 6.05 6.05 6.05 6.05 6.05 6.05	Hight 140,98	7.23 7.23 7.53 7.54 115.3 115
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#### **CURRENCIES & MONEY**

# Two Nordic rate rises engage Europe

MARKETS REPORT

By Siznoo Kuper and

Finland raised interest rates yesterday, prompting specu-lation that other likely its prospects for German founders of European monetary union would follow suit. futures contracts even Norway, not planning to join Emu next year, also increased rates yesterday.

Finland denied that the 15basis-point rise had been coordinated with its European partners. It said that its economic growth, forecast stronger than in other European Union countries, had prompted the increase. Finnish inflation was 1.9 per cent in February, higher than in core EU countries.

However, Tony Norfield, against the yen. head of treasury research at ABN-Amro in London, noted that many other European countries with stronger growth than Germany might also prefer higher interest rates. He cited the Nether-

lands, Spain, Portugal and Ireland. He said of Finland's overnight lending rate and its deposit rate by 25 basis seen as something funny going on in some Nordic country, it has had some rates, selling Euromark though the German Ifo survey of business sentiment and M3 money supply figures, both for February,

emerged tame. Between the weak economic data and the perceived upward pressure on interest rates, the D-Mark closed in London barely changed against the dollar at DM1.827. The dollar was held back by a large January US trade deficit. It barely moved

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**BASE LENDING RATES** 

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1.1 6.2397
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-6.3 8.418

points each to 5.75 per cent and 3.75 per cent respectively. Its immediate prompt was not inflation risks but the fall in the krone. The currency has suffered from the slide in the oil price this year: Norway's economy is so open and oil-dependent economy that the central bank's sole mandate is to

The rate rise should also help it to control inflation, however. On Wednesday the bank called for tighter fiscal policy to keep prices down, saying it expects economic growth of 5.25 per cent this economist at Skandinaviska Enskilda Banken in Stockholm, said: "The Norwegian economy is very close to overheating." Norges Bank appears to be seeking an

inflation target instead of

90,7232 11,2543 8,8225 9,8622 2,9412

2.3091 16.25

keep the krone steady.

Yesterday the krone rose from NKr4.173 to NKr4.149 against the D-Mark. However, Mr Hansson said that with the oil price weak, the krone may soon resume its

The Bank of Finland raised its key tender rate 15 basis points to 3.40 per cent, 10 basis points above the German repo rate. The bank also raised interest on

banks' deposits exceeding has made quite a significa their required reserves contribution to dampenu deposited at the central bank by 15 basis points to 1.40 per Professor Buiter's view is cent. The markka was at odds with many City co Fim3.0325/45 to the D-Mark mentators, who thoug

■ Sterling fell against the dollar after doveish com- developments, from th ments from a hardliner on point of view of the maci the Bank of England's monetary policy committee swung mits us to do less than market sentiment against an interest rate rise next do," Professor Buiter said. month. Investors had in any case been taking profits on tracts, volatile in recei the pound's surge.

Willem Buiter, who voted for rate rises at the committee's January and February meetings, said: "Fiscal policy

| Technology | Tec

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demand in the economy Tuesday's Budget failed

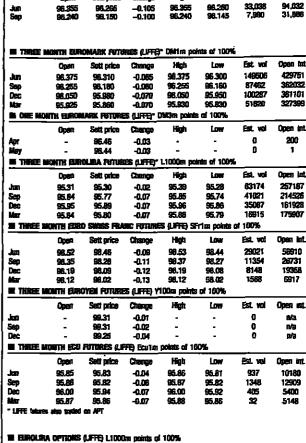
"I welcome any budg would otherwise have had

Short sterling futures co days, came off somewhat shedding 7 basis points 93.59. But a buoyant dolla kept the pound abov DM3.05 against the D-Mar in late European trading The pound fell 0.4 cen against the dollar to \$1.668.

Michael Lewis, currency analyst at Deutsche Morgan Grenfell in London, said: "The market now thinks it will have to wait until May

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WORLD	INTER	EST F	ATE	S _				
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Financial Information Service on Japanese Corporate Issuers **MIKUNI'S** 

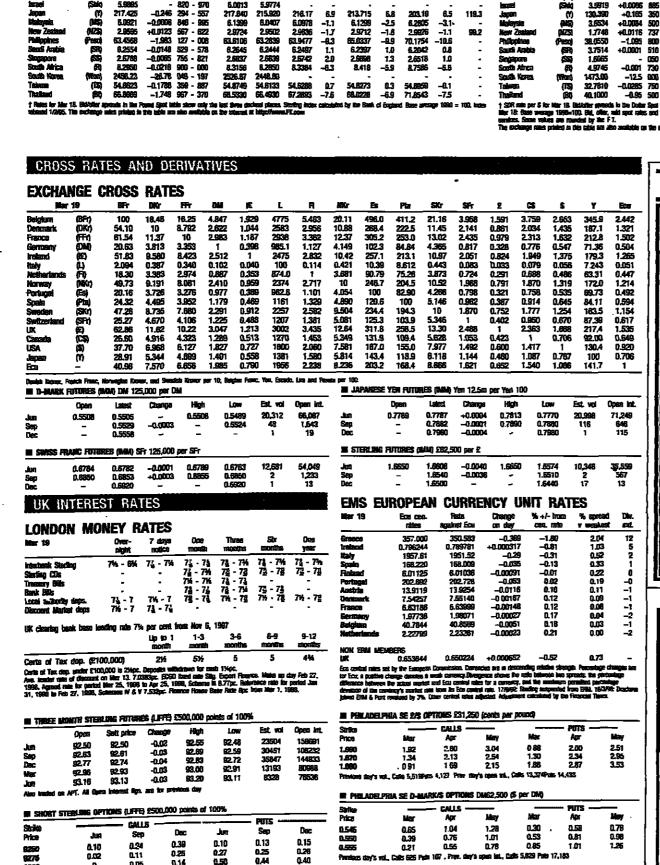
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III THREE MONTH ENRODOLLAR (MAN) \$1m points of 100%

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Jup.

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49,250 68,472 45,011

0.060 0.200 0.440 0.690

467,025 374,867 290,521

#### **Appointments**

A GENEVA BASED ORGANISATION WITH OIL, SHIPPING AND BANKING INTERESTS HAS AN IMMEDIATE OPENING FOR A

### **CHIEF FINANCIAL OFFICER**

at least 10 years of international experience with a large

ability to lead and organise the financial reporting of the consolidated group and/or division,

I the ability to coordinate certain bank relations for the holding company plus the related companies as regards

the responsibility for work with banks or inter-national

credit agencies for project finance, D past experience in trading, shipping or banking will be an

The candidate will also be called to participate in some internal

To assume these responsibilities, the candidate should have:

Strong financial statement analysis skills

☐ knowledge of audit procedures D good command of spoken and written English

 proven track record in negotiating with banks. Please send your CV to: Box A6101, Financial Times, One

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Por the pariod from March 20, 1998 to June 22, 1998 the Noles will carry an interest rate of 5.40% per summ with an interest amount of FRF 125 per FRF 10,000 Note, FRF 13500 per FRF 100,000 Note and of FRF 12,500 per FRF 10,000 Note. The relevant interest payment date will be June 22, 1998. Agent Benk:

BANQUE PARIBAS

**LEGAL NOTICES** 

IN THE HIGH COURT OF JUSTICE HANCERY DIVISION COMPANIES COURT IN THE MATTER OF PALL MALL SERVICES GROUP LIMITED

- 804 -IN THE MATTER OF THE COMPANIES ACT 1985 Notice is hereby given that a Petition was on 6 March 1998 processed to Her Majesty's High Court of Justice for the minution of the above trained company from £10,000,000 to £6,678,213.

AND notice is further given that the Putition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Inspect, Strand, London, WCZA ZLL on 1 April 1998. Any creditor or stampholder of the Companity destring to oppose the making of an order for the confirmation of the reduction of the Capital should appear at the time of the heaving, in person or by coorsiel for that propose.

A copy of the Perison will be immissed to any person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same. Detect 20 March 1998 Nabarro Nathanson of 50 Stratton Street, Lundon W1X 6NX Tel: 017| 493 9933

Ref: FA/RZV/G | 728/00/07 Solicitors to the Petitioner

# Platinum, palladium shrug off Russian assurances

MARKETS REPORT By Robert Corzine, Kenneth Gooding and Paul Solman

Platinum and palladium prices were unaffected by assurances from senior Rusof the metals would begin

25 per cent of platinum sup- could begin.

ply and provides for 70 per requirements.

Last year, bureaucratic hold-ups prevented any exports of the metals for the first six months.

Mikhail Zadornov, Russia's finance minister, said in Frankfurt that only a presidential decree was Russia accounts for about required before exports

Anatoly Chubais, first deputy prime minister, said in Moscow: "The battle over palladium quotas has begun. By the end of March the document will be issued at all

Nevertheless, the price of palladium remained close to its recent 18-year peak, while platinum's price was at its highest level for nearly five palladium consumer, I would HSBC James Capel.

Crude oil prices rose again as traders gave Venezuela eight cents at \$14.42. the benefit of the doubt that it can orchestrate a global cut in world output.

Analysts suggested the Brent Blend for May delivmarket would only react ery was \$13.54 a barrel in once it saw physical metal late trading on London's non-Opec producers to agree May contract ended at leaving Russia. "If I was a International Petroleum to join key Opec states in a \$1,735, down \$4 from Exchange, up 43 cents on say we have heard this Wednesday's close. At midbefore," said Doug Upton, at day the April futures contract on the New York Mercantile Exchange was up

> The rally has lifted prices above the nine-year lows reached earlier in the week.

temporary cuthack in order to underpin prices. Analysts say both Venezuela and Saudi Arabia would have to take part in the scheme for it to have any lasting effect.

On the London International Financial Futures Exchange, coffee futures hit

Venezuela appears to be a three-week high before fintrying to convince five or six ishing slightly lower. The released estimates for its 1998-99 coffee crop, but traders said the figures had little influence on the market.

Trading in cocoa futures

# was active. The May contract closed at £1.073 a

The Commodity Futures regulator for the futures industry, will consider whether its regulatory exemption for most "overthe-counter" derivatives needs revision, as part of a review of OTC trading. Brooksley Born, CFTC

chairman, yesterday listed four issues that would be included in the review, which she admitted would raise "some difficult and controversial issues".

As well as questioning the 1993 exemption for swaps. the review would look at the central definition of a 'hybrid instrument' whether the CFTC should propose sales practices for OTC instruments that fall within its jurisdiction; and what the appropriate regulatory regime for swaps clear-

ing facilities should be. The review will take the form of a concept release essentially a request for comments from interested parties - which would be put out within the next month, Ms Born said at the futures industry's annual conference in Florida.

OTC derivatives are risk management contracts set

exchange, usually between large, sophisticated users. Their use has grown expo-Trading Commission, the US nentially in recent years. and the notional value of transactions outstanding last year was estimated to stand at almost \$28,000bn. The CFTC largely

exempted these instruments from regulatory oversight in 1993, but says it will revisit the issue because of the market's growth; the size of losses suffered by derivatives users and dealers on occasion; and new developments in the industry - such as the desire to run swaps clearing arrangements, which are not currently

permitted. Ms Born stressed that the regulator would not go into the review with any preconcentions and added said she did not believe the review would affect the legal status of existing contracts.

 Separately, the New York Mercantile Exchange, the Manhattan-based futures exchange, gave further details of its plans for new contracts. It said it hoped to have an east coast electricity futures contract trading by July.

Nymex added that its pending coal contract would decade ago but is now be the first coal future to be among the world's top five up outside a conventional traded on any big exchange. exporters.

## Vietnam coffee crop hit by drought

Traders in Vietnam's main coffee growing province of Daklak said yesterday a prolonged drought was starting to affect prospects for the current crop, but it was too early to give an accurate assessment of damage.

"The rainfall is down about 25 per cent on the average for this time of year. At the moment it's definitely drying but I haven't seen any trees dying," said one foreign trader.

Coffee markets have been unsettled by reports that up to 19,000 ha of the crop are affected, with fears of further damage if the dry period extends into April

An official at Vinacase, a state-owned coffee trading company, said dry conditions were of particular concern because many areas in the province lacked sufficient water catchment facilities. However, he added that there was no official estimate of the area affected by

drought Vietnam has been the focus of trade in east Asia for months since the El Niño weather pattern caused drought in Indonesia and a cutback in production there. The communist-run country is set to overtake Indonesia as Asia's biggest producer of robusta coffee, analysts say.

The foreign trader said he had revised downwards his estimates of how much Vietnam was likely to export this year because of reduced yields. He said 300,000 to 320,000 tonnes was more likely than previous official estimates of 380,000 tonnes.

Yields have come down due to a shorter than expected April to May rainy season last year, which has curbed moisture levels: Vietnam produced negligi-

ble amounts of coffee a

## **CFTC** review How low can it go? to include OTC exemptions

## Venezuela pours oil on troubled waters

Oil prices continued to be buoyed yesterday by Venezuelan efforts to orchestrate from behind the scenes a global production cutback of 1m to 2m barrels a day to stabilise world markets. On Wednesday, Brent

Blend for May delivery closed 85 cents higher in London on hopes that the higgest price fall in nine vears might be bottoming.

Yesterday prices once again firmed, with traders citing Venezuela's moves to unite members of the Organisation of Petroleum Exporting Countries with non-Opec producers - such as Mexico. Norway, Russia, Egypt and Oman - in a common effort. reaction to the Venezuelan

initiative was akin to a drowning man at sea clinging to any bit of flotsam. 'It's either a smokescreen to deflect attention (from Venezuela's over-production] or they're naive," said Leo Drollas, director of London's

Centre for Global Energy

Another industry observer familiar with the thinking of Petroleos de Venezuela, the state oil company, said the effort was genuine.

COMMODITIES PRICES

LONDON METAL EXCHANGE

ALCHERIANAL SSL7 PURITY & per torne

249,396 71,995

1293-94

560.5-1.5

32,984 11,888

5370-75

52,437 20,056

5440-50

15.275

1042.5-43.5

1735.5-6.5

1742-42.5

161,899 64,875

80.15 -0.70 81.10 78.80 5,217 27,435

1066-7 1065-66 1070/1052

1778-80 1785/1748 1767-5-68-5

7,196 61,273

174,545 434,183 174,886 434,481

579.25

M. ZBIC, special bigh grade (\$ per torne)

■ COPPER, grade A (\$ per lonne)

LME Closing 2/5 rate: 1.8675

Spot: 1,6677 3 ordes: 1,6905 6 males: 1,8535 9 ordes: 1,8489

80,40 -0.70 80,30 79,70

291,30-291.80

221.50-291.90 281.30 281.60

299.80-290.20 290.30-290.80

PRECIOUS METALS

(Prices supplied by N M Pothechild

1320-25 1320/1311 1318-20 1319-20

STAM ALLOY IS per tonne; 1290-95

There have also been signs

BASE METALS

Kerb close Open int. Total dally turnover

LEAD (5 per tonne

MINISTER (\$ per tonne)

Close

Kerb close

Previous High/low AM Official

Kerb close

High/low AM Official

Kerb close Open int. Total daily tomover

Titl (5 per tonne)

Saudi Arabia, which has been angered by Venezuela's been promoting the scheme But will it really be that

simple to stop the rot that has eroded oil prices by more than a third over the past five months?

At best, the Venezuelan solution seems to offer a temporary fix, assuming that Caracas succeeds in exploiting the clear financial pain now being inflicted on Opec and non-Opec alike. The omens for doing so look reasonably favourable.

Opec has seen its collective revenues fall by about \$200m a day this quarter compared with last year, so many chronic quota cheaters their behaviour.

Non-Opec producers are also showing signs of strain. This week officials in Moscow said low oil prices implied serious consequences for the Russian economy, while Adrian Lajous, director general of Pemex, Mexico's state oil monopoly, urged producers to "modulate" supply to stabilise the market.

So far so good, the bulls might say. But is this week's quota when the UN oil rally the equivalent to embargo was slapped on over the past week that throwing a cocktail party on Baghdad in 1990.

Precious Metals continued

+0.5 295.6 295.6 - - -+0.5 293.8 290.6 52,004 89,095 +0.4 295.2 293.0 33,794 37,935 +0.4 296.4 295.3 242 7,142 +0.4 296.9 297.7 86 3,961 +0.4 300.6 299.4 1,222 15,258

409.4 +0.4 417.0 409.0 5,142 11,570 405.7 +0.2 410.0 405.0 806 3,124 403.5 +0.2 405.0 405.0 36 435 401.0 +0.2 402.5 402.5 1 69

-3.1 588.0 582.0 92 213 -3.8 599.0 557.0 11,819 47,006 -4.2 596.0 554.0 1.434 15,534 -4.2 581.0 560.0 12 5,110 -4.2 580.0 553.0 328 10,539 -4.2 580.0 580.0 - 14

16.05 +0.07 16.20 15.78 2.542 23.315

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40.95 -0.10 47.70 40.55 20,006 39,072 41.40 -0.17 42.15 41.20 10,216 38,752 42.10 -0.17 42.80 41.75 3,331 21,791 43.15 -0.07 43.75 42.90 1,383 17,170 44.40 +0.08 44.90 44.51 1,933 11,865 45.50 +0.08 46.00 45.40 1,038 10,508 42,045182,294

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126.75 +3.50 128.00 125.75 4,163 18,929 129.75 +3.25 138.50 128.25 1,086 15,465 133.75 +2.75 134.00 132.00 671 8,441 136.50 +3.50 137.75 136.25 1,053 7,847

139.75 +3.50 140.25 139.00 345 8,487

2280 +0.041 2272 2215 42,589 33,779 2280 +0.032 2285 2180 12,127 25,828 2310 +0.033 2315 2270 3,905 15,267

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MATURAL GAS PE (1,000 theres: pence per thems)

MI SPILEADED GASOLURE NYMEX (42,000 US gails.; c/US gails.)

13,797 88,958

1,104 12,786 16 9,093 1/1 1/2

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Jen Telaj

PUTURES DATA

ME PALLADROME MYMEX (100 Troy oz.; S/troy oz.)

**ENERGY** 

267.60 +1.50 274.00 274.00 -

E SOLD COMEX (100 Troy oz.; \$/troy oz.)

the Titanic? After all, icebergs in the form of Iraq. Venezuela and Saudi Arabia. still abound in a foggy sea. The size and direction of

the Iraqi one is hardest to calculate. No one predicted the present situation, in which Iraq is back in the market, but in a way that makes it virtually impossible to calculate when, or how much, Iraqi oil will be exported.

No one wants to give up its quota in favour of Iraqi oil that may or may not turn up. The only thing clear is that Iraqi volumes will rise. So who will make way? Enter Saudi Arabia and Venezuela. Some say it is

Mary Mary Jel Sep Hov

obvious that Saudi Arabia should give way. After all, it absorbed most of Iraq's

**GRAINS AND OIL SEEDS** 

Sett Day's price change High Loss 74,00 -0.15 - 75.50 77.50 -0.50 77.75 77.50 76.25 -0.50 76.50 78.25 -0.50 78.25

324.00 -3.00 324.50 322.50 110 144 331.25 -3.75 335.00 330.50 9.527 42.296 340.50 -4.00 344.50 340.00 5,518 36.358 349.00 -3.00 354.25 348.50 406 5,568 360.50 -3.50 364.50 360.00 817 11,501

Haar 282.50 -3.25 265.25 262.25 2.096 1.294
Hay 269.25 -3.00 272.25 269.00 27,555 129,022
July 275.25 -3.25 278.75 275.00 10,586 107,485
Sep 277.50 -3.25 280.25 277.50 11,574 22,701
Dec 279.00 -3.00 282.00 278.75 719,7.4 87,470
Harr 285.50 -2.50 286.75 285.00 1,025 6,265
Total

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648.00 -5.00 650.00 647.50 564 571 652.00 -4.25 666.00 650.50 36.532 68.547 664.50 -5.00 658.50 654.00 9,555 43,767 654.25 -4.25 657.00 654.00 1,902 8,391 642.50 -4.50 644.50 644.00 106 1,500 637.00 -3.50 638.50 636.00 4,116 29,068 53,863 153,862

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 13,746
 48.423

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 3,312
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 20.218
 148.819

 164.8
 -4.2
 168.2
 164.5
 1,848
 1,011

 168.5
 -1.9
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 167.8
 12,404
 58.359

 171.4
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 5,509
 33.703

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 3,724

538 3,724 23,248 131,315

M BARLEY LIFFE (100 tonnes; £ per totne)

SGYABEAN OIL CET (60,000/bs; cents/b)

MI SOYABEAN NEAL CBT (100 tons; \$/lon)

POTATOES LIFFE (20 lonnes; £ per tonne)

84.0 +10.0 58.0 -68.0 -

PULP AND PAPER

All futures data supplied by CMS.

mi POLPEX OMLX (USS; 24 air dry tons)

525.00 +4.25 525.00 525.00 547.00 -0.75 547.00 547.00

Wool from Mallett 8 Co
Offerings of Australian wool were unusually low this week, with a Geelong sale
cuncelled and only Sydney operating.
Prices moved as much as last week, with
middle merinds dearer but other categories
only spasmodically tending that way. The
eastern market indicator edged up 2 cents
each day, closing at 654 cents a kg, up 6
cents in the week. The New Zealand market, with second shear wools offered in the
North letend, was quoted down after as
recent rise, the indicator being 12 cents
lower at 430 cents a kg. There remains
amplety about demand in Asie.

Sett Day's Open price change High Low Vol tot

■ WHEAT LIFFE (100 tonnes: £ per forme)

irrespective of origin. Not so, Riyadh's response has been frigid: "We have abandoned once and for all the role of swing producer," said ers, much of Venezuelan's Ali al-Naimi, Saudi oil minisoil is heavy, and needs to be ter, earlier this month. processed in the most

The Saudi economy also desperately needs the gas produced along with the oil, making cutbacks doubly difficult. Mr Naimi had a better solution in mind: "One of the main reasons for the price decrease is due to the non-adherence by some Opec countries to their quotas."

over-producer. On the surface the case against Caracas is clear: it is producing more than 770,000 barrels a day above its quota. But if the Saudis occupy

Cue Venezuela, the biggest

an entrenched position, so does Venezuela, and it is equally compelling. Opec quotas assume every barrel of oil is the same as another.

**SOFTS** 

E COCCA (ICCO) (SDR's/fonce)

E COFFEE (ICO) (US cents/pound)

III WHITE SUGAR LIFTE (50 kinner, \$/lonne)

# SUGAR 11' CSCE (112,000ths; cents/los)

COTTON NYCE (50,000lbs; casts/ba)

AUTHE DALY

INDICES

**iii Reștura (Base: 18/9/31 = 100**)

Mar 18 Mer 17 mouth ago 1681.7 1685.5 1723.8

Mar 16 158.08

E CRE Futures (9ast; 1967 = 100) Marr 17 Marr 16 month ago 226.25 223.72 -

Jac Total

Mar 18 Comp. daily

III COFFEE LIFFE (5 tormes; S/torne)

E COFFEE TO CSCE (37,500ths; cents/fbs)

advanced, multi-billion dollar refineries set up especially to handle it. Heavy oil economics are

Unlike most Gulf produc-

more like that of natural gas, they argue. Expensive infrastructure and uninterrupted supply are needed to turn it into the light fuels that PDV sells in the US, where it is the biggest gasoline retailer through Citgo. Nor can heavy Venezuelan

other markets, as can Saudi and most other Gulf grades. The oil world may be global in outlook, but the view is still different depending on where you sit.

1644 1608 3,830 25,423 1664 1632 1,240 14,745 1880 1657 63 7,855 1715 1688 256 13,571

+20 1730 1700 75 227 -4 1745 1715 3,416 18,795 - 1715 1690 887 10,397 +4 1668 1661 91 2,984 +2 1652 1652 5 1,240 -5 1630 1630 5 103

272.6 +1.9 273.5 270.5 1,742 18,994 274.8 +2.0 275.6 273.0 1,703 9,872 277.3 +1.5 278.6 275.6 1,008 6,453 279.3 +1.4 279.9 279.1 12 788 282.7 +1.2 284.0 281.4 74 1,017 285.3 +1.3 286.0 286.0 - 388

9.85 +0.07 9.95 9.8211,454 80,730 9.58 +0.01 8.78 9.88 3.834 37,010 9.93 - 10.00 9.92 1,678 42,484 10.16 -0.08 10.26 10.23 1,089 16,572 10.19 -0.08 10.30 10.30 78 2,214 10.24 -0.08 10.30 10.30 50 3,354 18.744,149,998

108.05 -0.55 109.25 107.50 10 21.883 110.75 -0.60 111.90 110.50 560 7.166 113.55 -0.50 111.475 113.40 43 3.887 115.15 -0.70 116.00 115.00 115 3.152 116.15 -0.70 116.00 115.00 115 3.152 116.15 -0.70 116.00 115.00 115 3.152

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CME, CSCE and PE Crude Oil are one day in emears. Volume & Open Interest locals are for all traded months.

crudes be diverted easily to

#### MEAT AND LIVESTOCK ELIVE CATTLE CME (40,000fbs; cests/fbs)

54.925 - 0.550 54.550 54.550 7.528 44.106 56.825 - 0.550 57.275 56.525 3.843 33.382 58.050 - 0.425 56.400 57.850 1,055 12,541 58.050 - 0.225 56.250 58.750 4,056 8,453 59.855 - 0.275 70.250 58.850 180 2,285 71.550 0.500 71.550 71.150 180 54.300 -0.825 55.450 54.200 788

44.500 -1.475 46.500 44.000 49 44.350 -1.075 48.125 44.250 2.457 43.125 -1.000 45.300 43.000 482 41.825 -1.025 44.000 43.000 175 **LONDON TRADED OPTIONS** 

1425

LONDON SPOT MARKETS \$12.63-2.67

\$13.49-3.51 III OIL PRODUCTS MAE \$148-150 \$124-125 \$59-61 \$135-137 \$138-135 \$127-129 8.90-9.00

Gold (per troy oz) Silver (per troy oz)

Platinum (per troy (2.) Pateotem (per troy (2.) \$270.00 Copper Laad (US prod.) 83.0c 45.00c 19.91r 264.5 Tin (Kuala Lump Tin (New York) Cattle (live weight) Sheep (live weight) Pigs (live weight) 86.94p 100.47p 78.85p Lon. day sugar (raw) Lon. day sugar (wto) Barley (Eng. teed) Matzu (US NoS Yellow) Wheat (US Dark Horth) \$243.00 \$274.20 Ling £109.00 Unq 47.50p

Rubber (Apr)\* Rubber (May)\* Rubber (KL RSS Not) 605.0y 640.0 \$380.0y 175.0 58.90 380p Cocusant Off (Philips Pater Off (Metay.)§ Caper (Philips Soyabeans (US) Cotton Outlook A' Inde

### CROSSWORD

No.9,636 Set by HIGHLANDER

1 Small plastic envelope reveals way to contain pain

4 Anything eaten during Lent? Hamburgers perhaps 9 Teacher working with

explosive - an academic 10 Breaks stolen photograph 12 Works both ways with

building plot on other side (3,3) 15 Make listener start to nod

(4) 16 Selection includes cold confectionery item popular in

20 One way of preserving 19th century Tory leader (7) 21 Occasion to celebrate return of a prisoner (4) 25 Also involves dull fruit (6) 26 Vicious cobra met hysterical tourist holding stone (8)

28 Books of synonyms thus are anagrammatic, one must conclude (8) 29 Gear from drilling installa-tion not allowed (6)

30 Investigate at which point some shoppers cough up 31 Models vary occasionally

 Might be seen leaving port and sherry container (8)
 Holds up first cold drink (8) Conceited one, English, has

5 Spots one that's new inside

zerland (8) could come from leather (6) OAP's childishness over broken gate is the same (6) 11 Artistic impression created

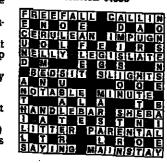
by English article about Chinese capital (7) 14 Saving money somehow, protecting a small business

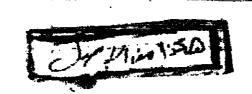
17 Lent support to aerodynamically shaped vehicle (8) 18 The infant Robin went

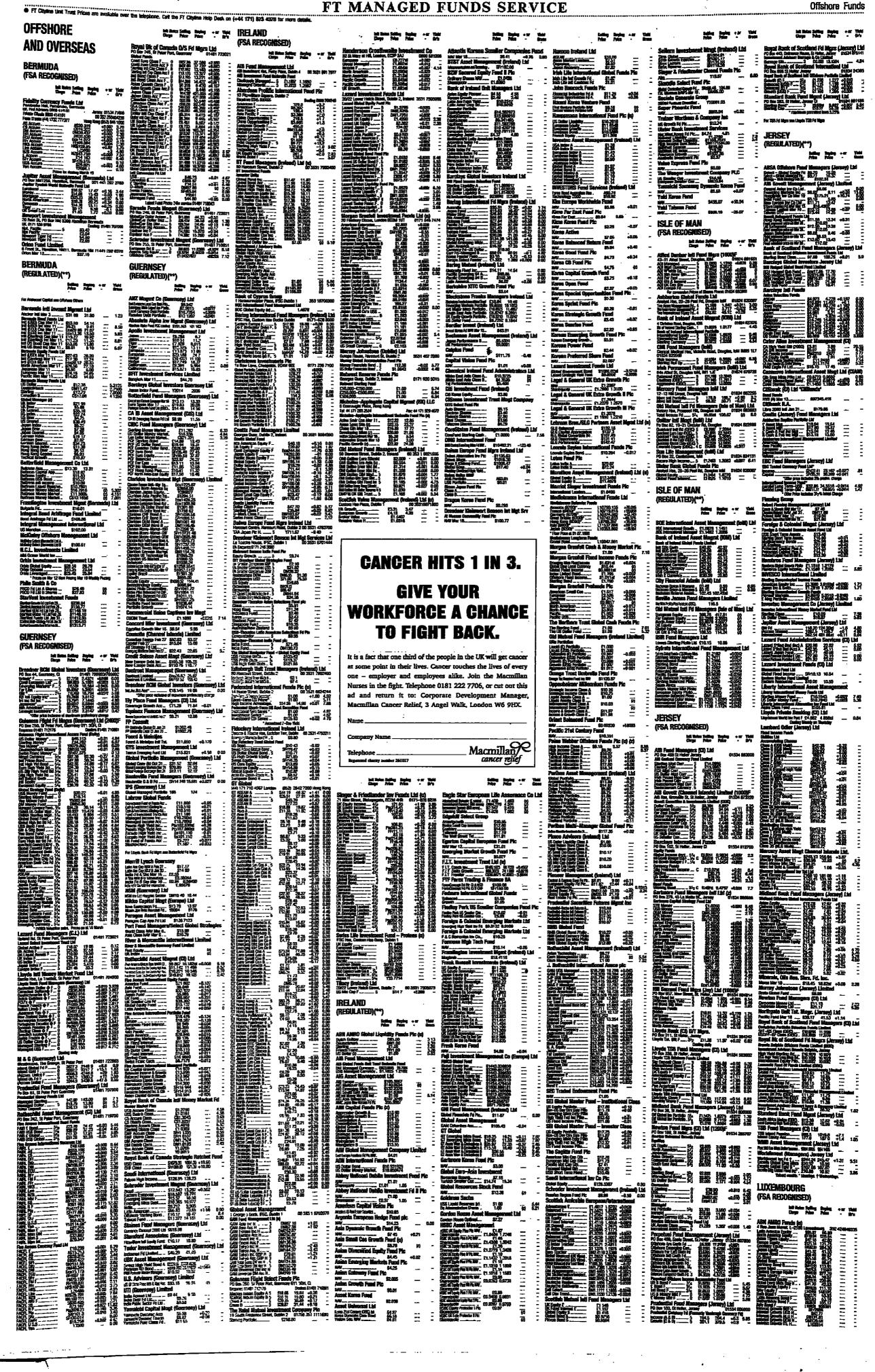
through it (8) . 19 Man Friday appears, in truth with nothing on stomach (8)

22 What's interfering with reception still? (6) 23 Current unit is made up of a Frenchman and his

24 Walk away with sock (6) 27 French money given to the French wife in Germany (4) Solution 9,635





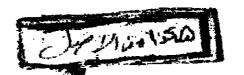


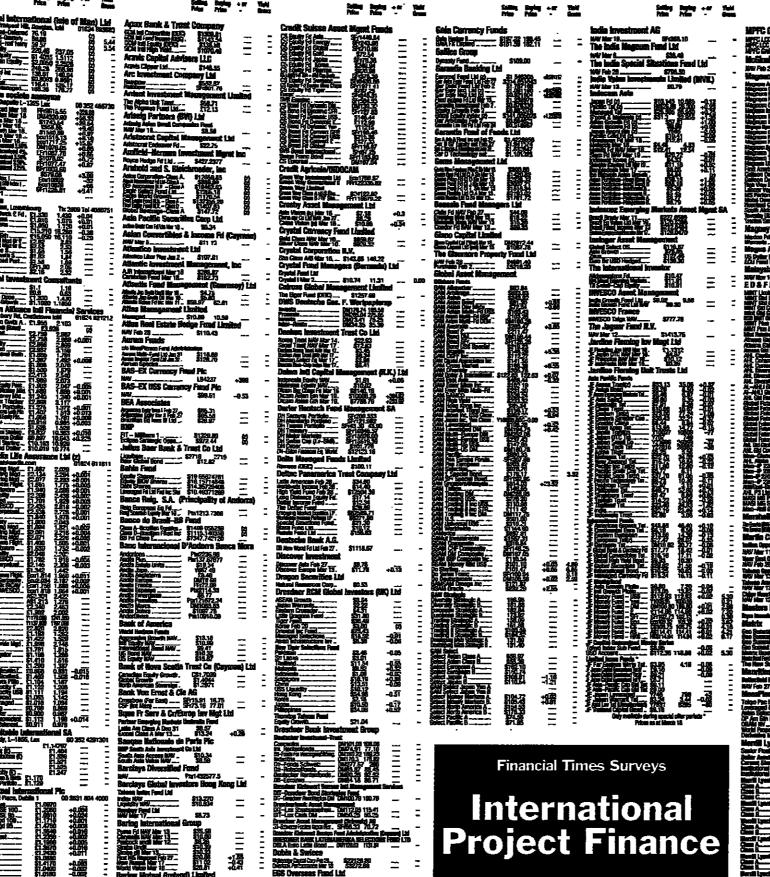
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For further information, please contact: Hannah Pursall Tel: +44 171 873 4167 Fax: +44 171 873 4296 email: hannah.pursall@FT.com or Tim Hart in New York Tel: +212 745 1341 Fax: -212 355 9539 emaiktim.hart@FT.com

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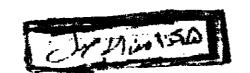
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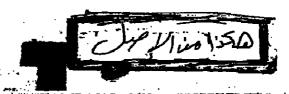
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## Footsie launches challenge to the 6,000 mark

MARKET REPORT By Steve Thompson. UK Stock Market Editor

through the 5,900 level, the FTSE 100 launched a determined attack on 6,000, building up to a frenzied last five minutes of trading yester-

or 1.6 per cent, up at a

And there were no takers in the stock market yester- for the market and there is expect a surge of "Pep"

100 options, with dealers led activity.

The surge in the leading tions. stocks was almost matched During that time, Footsie by second-line issues and spiralled up to within only smaller stocks, with the full ishing the session a net 94.3, 250, SmallCap and All-Share hitting all-time intra-day and closing levels.

"It was full steam ahead

target in the short term. positions. Their pain, in the rent tax year. This morning brings "double form of rapidly rising share

He said much of yesterbracing themselves for a day's stunning performance flurry of intense derivatives represented marketmakers coms arena where BT shares trying to fill their short posi-There was also evidence,

he said, that institutional cash was still coming in. as 2.1 of the magical 6,000, fin- set of FTSE indices, the 100, those funds that persisted with less than full market weightings over the past few years continued to top up their holdings. And dealers

Apart from the post-FTSE 100 future and FTSE see," said one agency dealer. also a fresh burst of take- and intra-day highs, finish- optimistic mood. Results over speculation, much of it ing 415 up at 5,466.4 after a from Courtaulds Textiles, concentrated on the tele- peak of 5,467.2. raced higher amid talk of an and intra-day high of 2,590.4 imminent and sizeable acqui- in the FTSE SmallCap, was

> run since the start of the past 17 sessions. year has seen the FTSE 100 advance 16.8 per cent. the 250 14.2 per cent, the Small- and M4 money supply, did Cap 12 per cent and the All-Share 16 per cent.

Predictions by some econo-strength. However, the Bank

day willing to bet against lots of talk of marketmakers money to come into the mar-mists of a further increase in of England's trade-weighted the index reaching its next being caught with short ket before the end of the curinduce any caution.

The FTSE 250 hit its witching", the expiry of the prices, is there for all to Budget euphoria there was eighth consecutive closing keep intact the market's

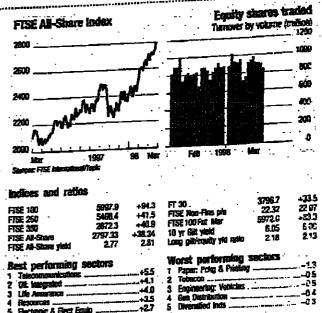
> A rise of 14.8 to a closing The market's remarkable achieved by the index in the

> > Economic news announced yesterday, on bank lending opening yesterday, following no harm to sentiment, nor did sterling's recent

A series of excellent profits performances that helped Kwik Fit and Bovis were all

well received. And the news from overseas was another plus for the 16th set of peaks London Wall Street followed up Wednesday evening's move to yet another record close with a reasonable a batch of unthreatening

> economic data. Volume was 848m shares at the 6pm count.



## Late bid hints lift BT

**COMPANIES REPORT** By Peter John, Martin Brice

Speculation that BT is back on the US merger trail sent the share streaking higher on heavy volume yesterday. The rise acted as a catalyst

for the whole sector. The speculation sprang from comments made in New York by Robert Brace. BT's finance director, who said: "It is no secret we are talking to many companies and that includes many com-

panies in the US." There was nothing particularly new in the comments, but they caught the popular imagination on both sides of the Atlantic. The shares gained 471/2 to 685p, the best performance in the FTSI 100, on hefty turnover of 17m, high volume even for one of the most liquid stocks in the market.

It was felt that BT might be holding talks with either Bell Atlantic or AT&T. And while analysts were cau tious, they were not totally dismissive. Jim Ross of ABN Amro said: "The thing about corporate activity is that you can never say never and BT is definitely looking for a

The company also signed a memorandum of understand-

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ing with China Telecom. And sentiment was helped 143p. further by NatWest Markets

reiterating its "buy" stance. The broker pointed out that, although BT had outperformed the Footsie by 16 per cent so far this year, it had kept pace with some of its European counterparts. NatWest has upped its target price for BT to 700p.

Elsewhere in the sector, Vodafone rose 351/4 to 6171/4p in 9.2m traded, while Orange gained 17 to 428p.

Manchester United suf-fered their third blow in three weeks in Wednesday's exit from the European Champions' Cup and the

club's shares dipped 3 to

The exit from Europe follows the recent FA Cup defeat by Barnsley and last Saturday's home defeat by Arsenal. That loss means that Arsenal are now in a position to snatch the Premiership from the northern club, long-time favourites to take the league title.

Takeover speculation centred on Racal as the stock rose 23 to 326 p with 3.6m shares traded. The rumours suggested a move by British Aerospace, unchanged at £19.48, or GEC, up 13 to 460p, for the company. Brian Newman at Hender

FT 30 I	MUEX						7	200
	Mar 19	Mer 18	Mar 17	Mar 16	Mar 13	Yr oger	"High	*Low
FT 30	3796.7	3763.2	3711.6	3980.6	3652.4	2833.4	3796.7	3760.3
Ord. div. yleki	2.90	292	2.96	2.00	301	3 99	4.22	290
P/E radio mat	24,48	24.30	23,98	23.63	23.53	17.43	24,4B	15.80
P/E, 1280 14	24.25	24.08	23.75	23.42	23.33	17 32	24.26	15.71
FT 30 since complisi	lon: Mga 3795	7 190398	In 494 2	6/06/40. Ba	e Date 1/7	<b>35</b> .		

	Mar 19	May 18	Mar 17	Mar 16	Mar 13	Yr ago
SEAO tergelos	72,633	71,770	91,996	92,904	84,753	62,77
Equity tursover (Cm)†	-	112	3460.3	3298.1	4285 9	2504.4
Equity bargainst	-	na	63,721	83,708	75,108	51,78
Shares traded (pi)†	-	na na	941.4	927.7	1024.0	9443
Total market bargainst	-	na.	97,090	94,575	85,767	T <sub>2</sub>
Total tursover (Ein):	-	123	4674.5	4811.6	5223 5	n.
Total sturp tracked (m);;	*848.0	*896.1	<b>‡1217.4</b>	<b>‡1226.8</b>	‡1238.B	n
Tradepoint turnover (2m)	24.6	28.7	24.2	20.7	31.8	2.4
Tradepoint shis traded	8,863	9,391	5,683	6,248	8.965	40
(Excluding late-made) and one into-market business.	ses knoe	put lectuding	Crest larmove	s. UK usiy	lotsi zi 6pm	‡ (A) (A)

LIFFE Equity options 52 Week highs and lows

Best and worst performing sectors Paper, Packaging & Printing

Borneo weak

However, British Borned

was relatively weak with a

after it reported flat profits

of £14m in 1997. The com-

pany said, however, it was

well positioned to deal suc-

cessfully with a sustained

front-line financials is now

spilling on to the smaller

expectations but not dramat-

James rose 51% to 283%p, a

jump of more than 22 per

Recent overenthusiasm for

Yesterday, St James Place,

period of low oil prices.

stocks in the sector.

son Crosthwaite said: "Dis- exploration and production posing of its lossmaking data sector with companies under pressure from low crude oil products side will remove the poison pill at Racal, and expose the attractive telecoms and defence activities." Even after yesterday's income of £5.87m for the nine months to December 31. compared with £5.71m in the

upwards move Racal stood at a discount to a sum-of-theparts valuation produced by year-ago period. Henderson. The broker values the company at 400p a share on a break-up basis. Oil stocks rebounded

sharply yesterday as the underlying oil price shot rise of only 11/2 to 340%p higher on hopes that Venezuela might help to stabilise international oil markets. The price of Brent crude

recovered from 9 2-year lows set earlier in the week after Luis Giusti, president of Venezuela's state oil company, said he was seeking an agreement with Opec and non-Opec producers to cut output and boost prices. BP jumped 46' to 869p

and Shell Transport 11 to 427/4p. Among the exploration and production stocks, Enterprise Oil was also higher, up 231/2 at 5441/2p. as was Lasmo, up 4 at 271p. Some traders also raised

cent and the best performance in the FTSE 250, and speculation in the market of consolidation in the oil Cattles rose 43½ to 584½p. Meanwhile, the potential big banks was highlighted All Futures, Options by a change of view from & Margined Forex



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lished target price of £19 and is due for correction. Barclays slipped 10 to £18.65. Northern Rock added 3 at

headed back towards its 52-Hardy Oil & Gas gained 8 week high on the back of to 268%p after it reported net well received figures and a confident statement. The shares lifted 17 to 363p.

FTSE 350, with a gain of 79 to 511p or 18 per cent. The car tyres and repair company exceeded forecasts by about 10 per cent with its £55m pre-tax result, prompt-

strength in the UK housing market and the shares rose 9 to 609p after the building materials company unveiled a 20 per cent rise in underly-

of Footsie's best performers following strong results and the life insurance group and the announcement of plans Cattles, the financial ser- for a share solit. The shares vices group, announced fig- gained 44 to £11.40 as a ures that were better than series of upgrades worked their way into the market ically so. Nevertheless, St and investors bought.

> with 4.4m shares traded in Marks and Spencer, which

for disappointment in the taking after the Aim-traded CSFB. The broker, which The shares, which have bought the BZW arm of Bar-rushed up from 270p in clays, downgraded its old

tion and says Barclays has already reached its pub-

641%p, the shares helped by a reiterated "outperform" recommendation from Salomon Smith Barney. The broker has raised its share price target from 640p to 675p.

National Westminster and has raised its share price target from £10.50 to £11.75. The shares lifted 13 at £11.41. Courtaulds Textiles Con 1783 Par 1,085

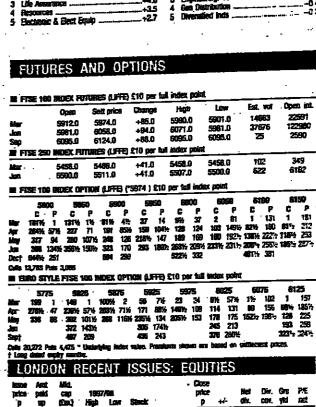
Kwik Fit achieved one of the best performances in the

ing a series of upgrades. Travis Perkins confirmed

ing profits. Kingfisher was again one

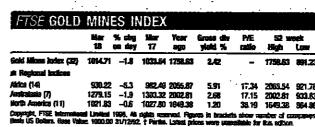
There was also buying

rose 4½ to 581½p. Moorepay ran into profitpayroll company unveiled results ahead just 4 per cent. December, lost 15 to 365p.

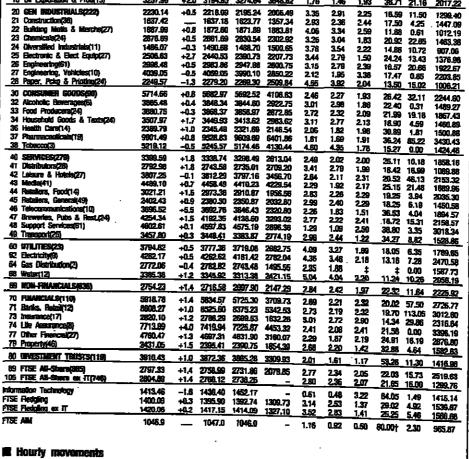


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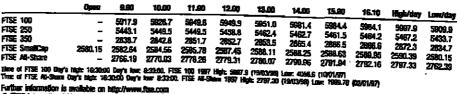
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	FTSE 350 Lower Yield	2913.3	+1.3	2674.8	2841,5	2186.4	2.05	1.67	2.26	26.93	14.85		BOC	516	1030	
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ı	FTSE All-Share ex IT	2804.89	+1.4	2766.12		2019.00	280	2.36	205 207	22.03 21.65	15.73 16.00	2519.63 1299.76	BT BTR	17,300 18,300	G85	
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ı	12 Extractive Industries(5)	3216.78	+0.2	3210.21	3211.82	4005.00	4.25	3.92	2.08	14.12		1012.16	Brit. Assumpto	1,100	1948	į
ı	15 Oil, integrated(4)	5104.33	+4.1	4901.16		4212.30	3.30	2.83	1.78	21,32	17.89	2387.13	British Airusys Bothet Ecopy	4,000 1,000	618 487	
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ĺ	26 Engineering(61)	2996.48	+0.5	2983.86	2947.88	2500.75	3.15	279	2.39	18.57	20.66	1922.67	Chapte SM	6.000	4017	
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ł	33 Food Producers(24)	3880.75		3868.37	3856.97	2872.85	2.72	232	1.86 2.09	22.40 21.99	0.31	1489.27	Gian Welcome	4 500	1650	
ı	34 Household Goods & Texts(24)	3507.97	+1.7	3449.53	3413.62	2963.62	3.17	277	213	18.90	19.18 4.59	1867.43 1460.89	Granada GUS	2.300 1.000	996 780	
1	36 Health Care(14)	2389.79	+1.0		2321.69	2146.54	2.06	1.82	1.96	30.89	1.81	1500.88	GRE.	1,300	456	
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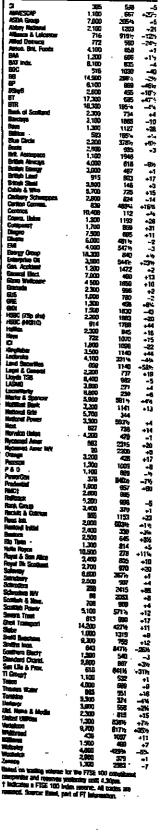
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1 Sector PE ratios greater then 80 and not saveru greater than 30 are not shown. ‡ Values are negative. Annual review changes pieces see FISE Intl website five.com. For Countartly Review Changes see website www.fise.com.



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	FINANCIAL TIMES FRIDAY MARCH 20 1998 *		39
	Highs & Lows shown on a 52 week basis WORLD STOCK MARKETS		
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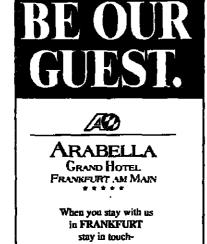
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MARKET FOCUS

# STOCK MARKETS

# Derivatives cloud hangs over records

**WORLD OVERVIEW** 

Most European markets locked on to fresh records vesterday, but for the second session running the broad dour in spite of fairly neutral undertone was dogged by a economic data. degree of hesitancy, writes Jeffreu Brown.

derivatives activity with pressures. futures contracts expiring in Frankfort, Zurich, and Milan from the broad optimism and options running out in that characterised trading in

Dow treads

water as data

checks buyers

ers as hectic. But there was no help from Wall Street where the mood in early trading was

index for February did noth-To some extent the Euro- ing to unduly disturb bropean picture was clouded by kers' calm about inflationary

But it was all a far cry

sion was described by trad- ber of markets pushed Aegon, French defence and the bears comes from nish, NatWest strategist, this strongly higher on improving currency and money market backgrounds.

An official downward nudge for interest rates was the talk in both Hong Kong The US consumer price and Singapore where a halfpoint cut for base rates by one leading bank was seen as a potential trigger for more widespread reductions.

Europe's earnings story continued apace in spite of a jolt from France Telecom.

BMW all turned in top-ofthe-range results.

disappointing 1997 numbers were matched by an equally unexciting trading statement. The shares, a strong market ahead of the figures. stumbled badly and were estimated to have cost the CAC 40 index 30 points.

The latest salvo in the war per cent.

group Alcatel Alsthom and NatWest Markets which con-German quality car maker cludes from a study of European stock market volumes in February that the bull At France Telecom, the market has further to run.

Domestic volumes rose 5.6 per cent last month down from 23 per cent in January when new time buying inflated the trendline, but volumes declared through the SEAQ trading system in London grew by almost 16

## Shopping for retail winners

Retail sales in Europe are growing at their fastest for nine years and brokers are month, against domestic increasingly tipping the sector as a means of plugging into economic recovery.

But the performance of retail shares since November has been fairly dismal, with the broad sector index, excluding food retailers, lagging the overall market by a stenificant margin.

So have the stock markets got it right, or are retail shares presenting investors with a value opportunity? Most brokers say it is a matter of horses for courses. According to OECD fig-

ures. European retail sales are back to 1989 levels, growing at around 5 per cent on a 12-month basis. But the underlying trend masks remarkably patchy performances in some countries. The UK had a bumper Jan-

uary - up 6 per cent - and recent growth in the Netherlands, Spain and France has been good. But Germany and Belgium have been described as a "nightmare".

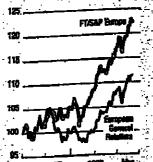
Despite a recent downbeat sment of 1998 demand by leading stores group Pinault-Printemps, anecdotal evidence in France suggests

a strong start to the year. Moreover, most French forecast models are beginning to build in a World Cup . factor. Some brokers expect the tourist influx during the tournament to add a top

slice to overall volumes. The contrast with Germany is stark. A combinarestructuring. Sampo rose tion of high taxes and unemployment sent retail sales down 4 per cent over Christmas, while shares in leading stores group Metro are 15

> August peaks. However, some brokers are beginning to pinpoint good value in Germany. Consumer spending could well pick up this year, and if September's election sees a new government, consumer tax year. reform and longer opening

Indices in 5 terms (released)



Netherlands are all recovering and there is even a whisper of "green shoots" in Belgium, a market as dire as Germany in recent years. But apart from the UK and France, where food retailers. have been strong, the industry has a stodgy stock mar-

The problem, essentially.

Spain, for example, is dominated by hypermarkets that have begun to show signs of losing out to more focused supermarkets. Sector leader Pryca has lagged the overall market by more than 12 per cent over the past three

In contrast, Dutch foods retailer Ahold is seen as something of a currency play with 60 per cent of earnings arising outside the Netherlands. Its shares have outperformed strongly this

Jeffrey Brown

# Oil price rebound lifts Paris

**AMERICAS** 

Wall Street made a dull start to the day as bond prices fell on the latest release of consumer prices data, writes John Labate in New York.

The market is moving sideways, but some of the broader indices are moving ahead," said Michael Driscoll, senior block trader at Hambrecht & Quist.

In spite of the latest financial disappointments, this time from Nike and Sunbeam, expectations of sideline money coming into the market remained high.

"A lot of money managers are seriously underperforming the benchmarks and they'll continue scrambling, so money will continue pil-

ing in," said Mr Driscoll. By early afternoon the Dow Jones Industrial Average was 4.24 lower at 8,771.16, while the broader Standard & Poor's 500 index was up by less than one

point to 1,085.58. Technology stocks and small company shares did better than larger ones, as the Nasdaq composite index to \$271/2. gained 6.06 to 1.794.34. The Russell 2000 index of smallcap shares climbed 1.33 to

Late on Wednesday, Nike revealed a sharp drop in profits and yesterday its shares fell \$1% to \$44 £.

Sunbeam, the consumer cent or \$3% to \$46% after C\$80.25.

warning about lower-thanexpected revenues in the

coming quarter. Treasury prices fell after the release of higher-than-expected figures on the core consumer price index. By midday the benchmark 30year bond had lost 🔢 to

1021 vielding 5.931 per cent Banking shares were mixed, with Chase Manhattan down \$214 to \$135% the after market rumours that the company may takeover Merrill Lynch.

Merrill Lynch's stock pulled back as well, off \$13 to \$8311 after rising sharply on Wednesday.

Among Dow stocks Philip Morris lost \$1% to \$41% on uncertainties surrounding tobacco legislation. Wal-Mart was down \$% to \$50%.

Computer shares were mostly up, with the Pacific Stock Exchange's tech index up 1.68 to 341.08. Semiconductor producer

Advanced Micro Devices climbed more than 6 per cent to \$2311. Bay Networks also rebounded from a weak sion on Thursday, up \$1 TORONTO moved mod-

estly lower, mirroring the fairly directionless early trading on Wall Street. At noon, the 300 composite index was off 7.86 at 7,418.90.

A dull banking sector set the early tone. Royal Bank of Canada shed 40 cents to producer, C\$86.40 and Bank of Mon-

SAO PAULO ran into modest espa index was 82 lower at profit-taking which showed 11,812. early signs of reversing an

11-day winning streak. winnings," said one broker.

At midsession, the Bov- higher at 4,860.74.

#### results and an upbeat outbanking and asset manage-

look for the current year.

A DM11 rise in Mannes-

mann to DM1,300 was attri-

EUROPE

Shares in PARIS renewed their upward thrust, gaining 36 16 to a record 3,688,68 on the CAC 40 index in spite of selling at France Telecom, which tumbled 8.6 per cent.

Unexciting results plus a downbeat forecast for the current year sent France Telecom down FFr30.60 to FFr324 in massive FFr.9bn turnover. The shakeout by the index heavyweight was said by brokers to have been a severe drag on the mar-

ket's upward progress.
Oils rebounded with Total rising FFr29 to FFr672 and Elf Aquitaine FFr43 to FFr724 as the oil price continued to rally.

Alcatel Alsthom bounced FFr65 to FFr1,009 on good results plus news that the flotation of the defence group's joint venture with General Electric of the UK is planned for June. Castorama surged FFr48 to

FFr1,060 on renewed takeover talk ahead of today's results press conference. In recent months the DIY specialist's name has been linked with Kingfisher of the which yesterday reported strong earnings.

FRANKFURT edged back into record territory, although trade was thin ahead of today's triple witching. The Xetra Dax index climbed 41 to 4.949.91, finding support from BMW, which rose strongly following better-than-expected

The carmaker surged DM126 higher at DM2.026.50 after it announced a net profit of DM1.2bn, up from DM820m a year earlier, and a

Schering eased DM2 to of the stocks. DM210 as fairly bland 1997 results were in line with SFr1,180 following Wednesexpectations.

Henkel, the speciality chemicals company, picked up DM4.35 to DM127.35 driven by improved 1997

ment house reported a 76 per cent rise in 1997 group net AMSTERDAM was out of

buted to news that its telestep with the European phone businesses planned trend, slipping lower on price cuts. weak financials and deriva-ZURICH staged a modest rebound, after three days in tives pressure as March retreat, but the market was options expired. The AEX index ended ended off 3.76 at pulled sharply back from its best levels as Roche and 1.101.69.

ATHENS stepped back on the accelerator after early selling pressure was absorbed and as demand spread from the bluechin industrials and banks to most other sectors.

The Athens general index jumped 106.80 or 6.1 per cent to a record 1,861,73. This extended to 21 per cent the market's rise since last weekend's drachma devaluation and

Banks advanced 7.7 per cent and industrials followed close behind, up 6.8 per cent.

Novartis came under renewed selling pressure. The SMI index turned back from a high of 7,176.7 to close 11.4 higher on the day at 7.143.8. Novartis lost SFr21 to SFr2,586 as Goldman Sachs reduced its earnings estimates from 1998 onwards by about 3 per cent.

Roche certificates eased SFr40 to SFr16,430, with investors still said to be unsettled about pending U approval for its anti-obesit drug Xenical. Against the trend, Nesti

was a clear outperforme with a jump of SFr33 t SFr2.638 as some investor switched out of the pharma ceuticals sector.

Daimler-Benz was flat at SFr2,175 and Alusuisse DM165.90 while VW was gained SFr23 to SFr1,786 marked DM38 higher at with Martin Ebner's BZ DM1,340. Chemicals group Bank thought to be a buyer

Sulzer fell SFr14 to day's gains after releasing 1997 results that were above expectations. Vontobel gained SFr40 to SFr1,770 after the private

	firmin lloyd,	goi	price	
lé er .o .s a-				

Aegon tumbled Fl 5.70 to

F1247.10 in spite of strong

results, an upbeat statement

and a raft of broker buy

notes. JP Morgan set a

12-month target price of

Dealers said it was

straightforward profit-

taking after what had been a

Up F12.70 at F1113, Royal

significant pre-results rally.

Fl 282 for the shares.

fomer for most of this year, continued to rally, adding FI 1.10 to FI 52.20.

suggests that international

investors were the stronger

influence and that as a

result the "bull market is

in Germany, SEAQ vol-

ume rose 59 per cent last

gains of 14 per cent. It

accounted for 20 per cent of

German activity and 30 per

cent of the Paris market.

London market, Page 38

not yet near its peak".

MILAN closed marginally higher in spite of losing ground in earlier trading ahead of today's future and options expiry. The Mibtel index rose 88 to 22,337 helped by ENI, the semi-privatised oil and gas group. ENI rose 1282, or 24 per

cent, to L11,946 after reporting a 14.6 per cent rise in group net profits to L5,100bn for 1997. Olivetti closed up L66 to L7.216. HRISINKI finished at a

fresh record, lifted by strength in Nokia and insurance companies. The Hex index gained 82.9 or 1.9 per cent to 4,378.14 in-

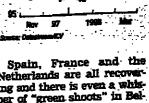
spite of a fall in forestry Nokia rose FM23.5 to FM600 following product announcements. Insurers were higher in heavy activity thanks to expectations of

FM6 to FM221. A recovery in oil stocks helped OSLO, with the Total share index up 7.53 to 1,339.87. Shares were higher in spite of a 0.25 percentage point hike in both the overnight lending rate and the

NKr6 to NKr378.5. Written and edited by Michael Morgan, Jeffrey Brown, Emiko Terazono, Peter Hall and Paul Gregan

deposit rate by the central

bank. Norsk Hydro rose



ket image

is the perceived difficulty in picking outright winners in a highly competitive arena. Technology change, corporate restructuring and the increasing presence of global players demands greater management initiative. in the UK, far and away

Europe's most mature retail market, there is a vast disparity between sector winners and losers. To a degree, this trend is mirrored across Europe.

per cent short of their months.

hours may be in prospect.

<u>.....</u>

i far

### São Paulo takes profits

Telebrás came off 1 per

MEXICO CITY continued to respond to the better "The market is up 12.5 per news from world oil marcent this month so it is no kets. Worries about governsuprise that some investors ment revenue shortfalls are pocketing some of their have acted as a heavy brake on share prices in recent sessions, but the market cent to R\$150.30 and Petro- bounced on Wednesday, and bras lost 0.9 per cent to at midsession yesterday the IPC index was a further 6.33

# FTSF Actuaries Share Indices

#### Battered golds recoup losses overall index climbed 34.4 to

SOUTH AFRICA

Johannesburg turned higher as the more stable bullion per cent slump. price enabled battered gold stocks to recoup some of 8,566.9 and financials at the Wednesday's losses. The climbed 40.1 to 13,357.

7,244.5 as golds recouped 14 to 686 after Wednesday's 5.2

Industrials added 18.7 to

				F		
FTSE Eurotop 300	1182.51	+0.84	+9.79	1.95	3.72	1195.63
FTSE Eurotop 100	2722_47	+0.98	+26.43	-	_	-
FTSE Exercise 300 R	legions					
300 UK	1189.79	+1,25	+14.68	2.80	8.79	1219 <i>.2</i> 7
300 Ex-UK	1179.06	+0.60	+7.02	1.47	0.84	1182.98
300 Eurobioc	1166.09	+0.91	+10.50	1.64	1.19	1171.81
300 Ex-Eurobioc	1197.11	+0.78	+8.31	2.17	5.55	1215.60
FTSE Eurotop 308 Es	caomic Group	8				
Resources	989.37	+3.32	+31.80	2.76	3.62	1007.04
Geramai Industrien	1109.94	+1.18	+12.98	1.77	2.45	1115.25
Consumer Goods	1155.42	+0.16	+1.87	1.55	291	1170.87
Services	1148.67	+0.39	+4.43	2.06	2.88	1160.73
Unfildes	1288.61	+0.95	+12.09	2.25	1.84	1306.37
Prencisis	1309.37	+0.48	+6.20	1.90	8.26	1323.42
			<b>_</b>			~ 4 ~

# Singapore surges on rate cut

**ASIA PACIFIC** 

Overnight news that DBS Bank was to cut its prime rate by half a percentage point to 7 per cent sent SINGAPORE sharply higher. The Straits Times Industrial index jumped 53.45 or

3.8 per cent to a high for the

year of 1,698.75 on expecta-

tions that other banks would soon follow suit. The rate cut reversed a series of rises which began in late November and peaked in mid-January. Wednesday's reduction sparked a rally in the property sector which rocketed almost 10 per cent. Banks also rallied with the sector

rising 4.5 per cent. TOKYO was becalmed. with investors unwilling to buy, but fearful of selling in case next week's economic package proved more com-Tokuo.

Volumes were lacklustre,

equally static, closing down 3.52 at 1,249.57, with 563 stocks down, 525 up and 184 unchanged. The Nikkei 800 lost 0.90, closing at 245.72.

1.1 per cent, a number of banks were among the bigprehensive than expected, gest percentage fallers of the writes Paul Abrahams in day. Sakura fell more than 7 per cent to Y510 and was the The Nikkei 225 index rose second most heavily traded just 59.34 to 16,679.02 after stock. Tokai fell 5.4 per cent long positions. Turnover overseas investors. Senti trading in a narrow range to Y908, and Yasuda Trust between 16,768 and 16,559. 5.3 per cent to Y232. Fuji Bank, which is in the

bank, Mitsui Trust, was pore. down nearly 3 per cent at

Steel stocks were heavily HK\$7 to HK\$230. traded, with the sector down 1 per cent. Nippon Steel fell while Kawasaki Steel dropped Y6 to Y203.

down 1.7 per cent. Daiwa Affiliated Corporations index Securities, one of the big surged 5.9 per cent and H three, fell Y32 at Y618. Seven second-tier brokers issued profits warnings, but after trading had closed. In Osaka, the OSE index fell 15 to 16,675.

spurt to close sharply higher on comments by Zhu Rongli, China's new premier, that Beijing would defend the financial sector shed 1.7 per Although the banking section of the US dollar at any cost. Description of the US dollar at any cost. Description of the US dollar at any cost. The Hang Seng index rose 323.39 or 2.9 per cent to 3.5 per cent thanks to a 11,445.04, also supported by

Wednesday's HK\$6.7bn. Speculation that a cut in nomic package, which is with just 381m shares same business grouping as prime rates may be near expected to include cuts in traded. The Topix index of Yasuda Trust, fell 3.5 per helped the rally as investors government spending and all first section shares was cent to Y984. Another trust eyed developments in Singa- liberalisation measures.

suggested that a foreign

accounted for 90.88 of the index gain as it climbed

Cheung Kong Infrastruc-ture gained 80 cents to Y2 to Y235, the most heavily HK\$23.90 after it reported a traded stock of the day, 172 per cent jump in 1997 net profit. China plays outperformed, inspired by Premier The broking sector was Zhu's comments. The Chinashares ended 3.5 per cent

TAIPEI moved lower for the third day running. Electronics showed some resilience but weak financials HONG KONG put in a late continued to weigh heavily on sentiment. The weighted index ended 93.25 or 1 per cent lower at 8,859.41. The

KUALA LUMPUR jumped

rebound in conglomerate the rumour mill which Sime Darby and bank shares. The composite index investor was accumulating rose 24.49 to 731.04 helped by picked up to HK\$9bn from ment improved ahead of next week's government eco-

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The Fine Art of Private Sanking

